



Theewaterskloof Municipality

FINAL MTREF BUDGET

2012/2013 to 2014/2015

24 May 2012

Council Resolution C43/2012

(Original version in English)

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Abbreviations and Acronyms

IDP	Integrated Development Plan
MTREF	Medium Term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
kl	Kilolitre
kWh	Kilowatt
VAT	Value Added Tax
SMME	Small Micro and Medium Enterprises
CPI	Consumer Price index
MFMA	Municipal Finance Management Act 56 of 2003
GFS	Government Financial Statistics
MBRR	Municipal Budget and Reporting Regulations
GRAP	International General Recognized Accounting Practice
MSA	Municipal Systems Act
MIG	Municipal Infrastructure Grant
LED	Local Economic Development
SDBIP	Service Delivery Budget Implementation Plan
DoRA	Division of Revenue Act
PDO	Departmental Objectives
KPI	Key Performance Indicator
KPA	Key Performance Area

1. Council Resolutions

1. That Council resolves that the Annual Operating Budget of the Municipality for the Financial year 2012/2013 and indicative for the two projected Outer Years 2013/2014 and 2014/2015 be approved as set out on Tables A1, A2, A3 and A4
2. That Council resolves that the Annual Capital Budget of the Municipality for the Financial year 2012/2013 and indicative for the two projected Outer Years 2013/2014 and 2014/2015 be approved as set out on Tables A1, A5 and SA36,
3. That Council resolves that the Monthly Cash Flow Forecasts with appropriate amendments be approved as the Cash Flow Budget of the Council for the 2012/2013 Financial year as set out on Tables A1, A7 and SA30.
4. That Council resolves to adopt the Integrated Development Plan.
5. That Council resolves that the Tariff Charges be approved for the Financial Year 2012/2013 and note that Electricity Tariff feedback has not yet been obtained from NERSA.
6. That the Monthly Indigent Subsidy in respect of 6kl Water, 70KwH Electricity, Refuse, Sewer and Informal Settlement Plot Rental (where applicable) are approved and that the applicable free basic Services subsidies be calculated on the approved tariffs for the applicable Services and measurable units.
7. That the Indigent Threshold be increased when the new/increased social grant amount is approved by Government (based on twice the monthly old age pension grant as per policy).
8. That the Monthly Free 6kl Water be subsidised for all households with up to 8 occupants and an additional 1kl per month for each additional occupant in excess of 8.
9. That Basic Charge of R64.91+ Vat per month on water is levied to all Non-Indigent Households and Businesses and Industrial Consumers.
10. That it be noted that "Unfunded Functions" and "Underfunded Functions" are fully Budgeted for at present Service levels and in respect of Libraries and Housing.
11. That note is taken that Internal Division of Costs (Departmental Charges) are calculated based on expected Budgeted time spent, measurable units/quantities, cost, and that tariffs are determined accordingly.
12. That Council approves the Budget Related Policy Amendments as per Annexure A.
13. That the allocation of the Housing Grant of R38,762m be submitted to Council for approval by the next Council Meeting.

RESOLVED BY COUNCIL : 24 MAY 2012

After the Chairman had given Councillors an opportunity and the Item had been thoroughly discussed, and on a proposal by Councillor N de Wet, seconded by Councillor K Tiemie, it was resolved as follows:

1. That Council resolves that the Annual Operating Budget of the Municipality for the Financial year 2012/2013 and indicative for the two projected Outer Years 2013/2014 and 2014/2015 be approved as set out on Tables A1, A2, A3 and A4.
2. That Council resolves that the Annual Capital Budget of the Municipality for the Financial year 2012/2013 and indicative for the two projected Outer Years 2013/2014 and 2014/2015 be approved as set out on Tables A1, A5 and SA36,
3. That Council resolves that the Monthly Cash Flow Forecasts with appropriate amendments be approved as the Cash Flow Budget of the Council for the 2012/2013 Financial year as set out on Tables A1, A7 and SA30.
4. That Council resolves to adopt the Integrated Development Plan.
5. That Council resolves that the Tariff Charges be approved for the Financial Year 2012/2013 and note that Electricity Tariff feedback has not yet been obtained from NERSA.
6. That the Monthly Indigent Subsidy in respect of 6kl Water, 70Kwh Electricity, Refuse, Sewer and Informal Settlement Plot Rental (where applicable) are approved and that the applicable free basic Services subsidies be calculated on the approved tariffs for the applicable Services and measurable units.
7. That the Indigent Threshold be increased when the new/increased social grant amount is approved by Government (based on twice the monthly old age pension grant as per policy).
8. That the Monthly Free 6kl Water be subsidised for all households with up to 8 occupants and an additional 1kl per month for each additional occupant in excess of 8.
9. That Basic Charge of R64.91+ Vat per month on water is levied to all Non-Indigent Households and Businesses and Industrial Consumers.
10. That it be noted that "Unfunded Functions" and "Underfunded Functions" are fully Budgeted for at present Service levels and in respect of Libraries and Housing.
11. That note is taken that Internal Division of Costs (Departmental Charges) are calculated based on expected Budgeted time spent, measurable units/quantities, cost, and that tariffs are determined accordingly.
12. That Council approves the Budget Related Policy Amendments as per Annexure A.
13. That the allocation of the Housing Grant of R38,762m be submitted to Council for approval by the next Council Meeting.

For finalisation by the Director: Financial Services, Mr SN Jacobs.

2. Executive Summary

Legal Requirements

The Medium Term Revenue and Expenditure Framework (MTREF) for 2012/2013, 2013/2014 and 2014/2015 was compiled in accordance with the requirements the relevant legislation, of which the following are the most important:

- i) the Constitution, Act 108 of 1996
- ii) the Municipal Structures Act, Act 117 of 1998
- iii) the Municipal Systems Act, Act 32 of 2000
- iv) the Municipal Finance Management Act, Act 56 of 2003
- v) the Municipal Property Rates Act, Act No. 6 of 2004

Growth to the Theewaterskloof Municipality's Medium Term Revenue and Expenditure Framework (MTREF) is based on a combination of factors such as (relatively low) generic growth to core tariff-based Services, operational efficiencies, and Revenue-related policies aimed at optimising and sustaining all income sources.

The MTREF-based Revenue and Expenditure Projections assumed inflation-linked annual adjustments. The main challenges experienced during the compilation of the 2012/13 MTREF can be summarised as follows:

- National and local economic difficulties (CPI = 6.10% Dec 2011, 3.5% Dec 2010)
- Petrol increased by 22% and Diesel by 34% in 2011
- Interest Rates = 9% at 01 March 2012
- Above-inflation increases in Bulk Purchase Tariffs: Overberg Water Board: 9.6% and ESKOM at 13.5%
- Old infrastructure which needs to be consistently maintained or replaced
- The prioritisation of projects and Expenditure within the existing resources
- Staff remuneration: A preliminary increase of 9.06% has been included in the 2012/13 MTREF. (7% cost of living and 2.06% notch). It should be noted that the total financial implication could not be determined as the applicable Municipal Wage Curve has not been finalised by the SA Bargaining Council. (Current offers: SALGA 5% and Unions 15%)
- Narrow income-base
- High Unemployment and Indigents Households
- Unfunded Mandates
- Cost of Excessive Compliance

The following are further key parameters applied to the Theewaterskloof Municipality Financial framework included the following for the 2012/13 Financial year:

Tariff increases:

- | | |
|------------------------|------|
| • Assessment Rates | 9.6% |
| • Water | 6% |
| • Sanitation (Sewer) | 6% |
| • Solid Waste (Refuse) | 8% |

- Electricity 11.03% (Subject to NERSA's final approval)

In view of the aforementioned, the following table is a consolidated overview of the 2012/2013 MTREF.

Particulars	Budget 2011/2012	Budget Year 2012/2013	Budget Year +1 2013/2014	Budget Year +2 2014/2015
Total Operating Revenue	-264,371	-298,655	-321,756	-354,977
Total Operating Expenditure	253,046	283,213	310,081	345,516
(Suplus)/Deficit for the year	11,325	-15,442	-11,676	-9,462
Total Capital Expenditure	82,951	76,078	81,761	74,846

Total Operating Revenue has grown by 13% or R34, 284 million for the 2012/13 financial year when compared to the 2011/12 Budget. For the two outer years, Operational Revenue will increase by 8% and 10% respectively, equating to a Total Revenue Growth of R90, 607 million over the MTREF when compared to the 2011/12 financial year.

Revenue Category	% Growth from 2011/12 - 2012/13
Property rates	10%
Service charges	18%
Investment revenue	24%
Transfers recognised - operational	8%
Other own revenue	10%
Total	20%

Total Operating Expenditure for the 2012/13 financial year amounts to R283, 213 million, which represents an increase of R30, 167 million (12%) over 2011/12, and 9% and 11%, respectively for each of the respective outer years of the MTREF. A portion of the Cash- backed Surplus of R11, 325 for 2011/2012 will be used to fund Inventory Items and Quick Wins on the Capital Budget and R6, 777 million will be transferred to the Capital Replacement Fund.

Expenditure Category	% Growth from 2011/12 - 2012/13
Employee related costs	9%
Remuneration of councillors	7%
Debt impairment	59%
Depreciation & asset impairment	20%
Finance charges	12%
Bulk purchases	13%
Contracted services	21%
Other expenditure	5%
Total	12%

Capital Expenditure amount to R76, 078 million and is 8% less than the 2011/2012 Adjustment Budget. The outer years increased to R81, 761 million in 2013/2014 and decrease R74, 846 million in 2014/2015.

Successful alignment of Theewaterskloof Municipality's Service Delivery Priorities, as embodied in the updated IDP and its focus areas, objectives and perspectives, to that of National and Provincial Governments is seen as critical if the Municipality is to achieve its developmental goals. The Main Strategic Focus Areas as contained in the IDP are:

- Service Delivery Improvement
- Infrastructure and Bulk Service Upgrades and Expansions
- IT and Human Resources Development
- Local Economic Development
- Financial Viability Improvement
- Good Governance

3. Operating Revenue and Expenditure Framework

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Revenue By Source									
Property rates	34,400	38,729	41,130	40,183	39,742	39,742	43,766	47,347	51,220
Property rates - penalties & collection charges	—	—	—	—	—	—	—	—	—
Service charges - electricity revenue	31,996	37,931	46,752	57,054	57,653	57,653	64,822	83,949	99,899
Service charges - water revenue	30,080	31,259	34,163	37,690	34,758	34,758	43,664	46,283	49,060
Service charges - sanitation revenue	14,497	12,879	13,419	14,797	14,065	14,065	16,584	17,579	18,634
Service charges - refuse revenue	14,949	13,146	14,165	14,085	14,333	14,333	17,248	18,628	20,118
Service charges - other	2,541	1,546	1,429	1,493	1,579	1,579	1,761	1,775	1,882
Rental of facilities and equipment	1,460	2,004	1,300	1,534	2,195	2,195	2,712	2,880	3,055
Interest earned - external investments	3,715	2,758	1,665	1,700	1,450	1,450	1,800	2,000	2,100
Interest earned - outstanding debtors	8,105	6,352	7,389	6,000	7,000	7,000	7,000	6,000	5,500
Dividends received	—	—	—	—	—	—	—	—	—
Fines	5,152	3,592	3,627	5,074	5,092	5,092	5,376	6,080	6,586
Licences and permits	76	62	2,612	2,603	2,814	2,814	3,033	3,214	3,406
Agency services	1,415	1,974	1,778	1,815	1,832	1,832	2,015	2,136	2,264
Transfers recognised - operational	33,371	38,864	48,591	52,505	73,506	73,506	79,029	73,428	81,412
Other revenue	35,126	30,013	13,383	4,614	5,351	5,351	6,096	6,458	6,842
Gains on disposal of PPE	—	—	(789)	1,000	3,000	3,000	3,750	4,000	3,000
Total Revenue (excluding capital transfers and contributions)	216,881	221,107	230,616	242,146	264,371	264,371	298,655	321,756	354,977
Expenditure By Type									
Employee related costs	68,968	82,438	94,714	100,810	102,027	102,027	111,274	120,176	129,790
Remuneration of councillors	5,437	5,655	6,022	6,630	7,357	7,357	7,872	8,423	9,013
Debt impairment	24,526	18,277	18,638	4,034	8,325	8,325	13,211	15,037	16,678
Depreciation & asset impairment	17,802	20,543	8,477	23,120	12,323	12,323	14,796	15,281	15,783
Finance charges	8,535	10,092	12,696	14,303	13,440	13,440	15,010	15,220	14,963
Bulk purchases	22,526	25,913	34,790	42,873	42,000	42,000	47,609	64,671	79,531
Other materials	—	—	—	—	—	—	—	—	—
Contracted services	8,538	8,653	10,377	15,601	14,427	14,427	17,502	17,522	18,721
Transfers and grants	—	—	—	—	—	—	—	—	—
Other expenditure	60,589	75,438	56,753	33,147	53,146	53,146	55,938	53,751	61,037
Loss on disposal of PPE	—	—	—	—	—	—	—	—	—
Total Expenditure	216,921	247,009	242,467	240,518	253,046	253,046	283,213	310,081	345,516
Surplus/(Deficit)	(40)	(25,902)	(11,851)	1,628	11,325	11,325	15,442	11,676	9,462
Transfers recognised - capital	24,484	52,708	53,435	59,382	49,320	49,320	60,856	51,000	47,466
Contributions recognised - capital	—	—	—	—	—	—	—	—	—
Contributed assets	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	24,445	26,807	41,584	61,010	60,645	60,645	76,298	62,676	56,928
Taxation	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after taxation	24,445	26,807	41,584	61,010	60,645	60,645	76,298	62,676	56,928
Attributable to minorities	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality	24,445	26,807	41,584	61,010	60,645	60,645	76,298	62,676	56,928
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	24,445	26,807	41,584	61,010	60,645	60,645	76,298	62,676	56,928

4. Capital Expenditure

Vote Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Vote 1 - Executive & Council	1,759	3,354	581	2,825	4,686	4,686	1,135	–	–
Vote 2 - Finance & Admin	2,286	1,702	2,061	2,212	2,663	2,663	1,732	–	–
Vote 3 - Planning & Development	4,597	277	–	2,150	2,150	2,150	2,500	–	–
Vote 4 - Community & Social Services	–	–	–	–	312	312	–	–	–
Vote 5 - Housing	12,637	–	9,602	33,977	23,915	23,915	23,682	14,890	18,260
Vote 6 - Public Safety	–	–	–	1,693	–	–	–	–	–
Vote 7 - Sport & Recreation	31	272	683	–	–	–	–	–	–
Vote 8 - Environmental Protection	–	–	–	–	–	–	–	–	–
Vote 9 - Waste Management	4,833	–	–	2,109	2,184	2,184	–	–	–
Vote 10 - Waste Water Management	6,252	4,144	4,941	20,797	18,601	18,601	23,122	29,590	–
Vote 11 - Roads Transport	2,193	9,505	9,179	2,392	4,958	4,958	5,088	10,346	6,706
Vote 12 - Water	22,797	21,043	14,135	12,420	11,907	11,907	10,309	980	23,060
Vote 13 - Electricity	3,069	3,845	3,441	6,730	11,576	11,576	8,510	25,955	26,820
Vote 14 - Other	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	60,454	44,142	44,623	87,304	82,951	82,951	76,078	81,761	74,846
Single-year expenditure to be appropriated									
Vote 1 - Executive & Council	–	–	–	–	–	–	–	–	–
Vote 2 - Finance & Admin	–	–	–	–	–	–	–	–	–
Vote 3 - Planning & Development	–	–	–	–	–	–	–	–	–
Vote 4 - Community & Social Services	–	–	–	–	–	–	–	–	–
Vote 5 - Housing	–	–	–	–	–	–	–	–	–
Vote 6 - Public Safety	–	–	–	–	–	–	–	–	–
Vote 7 - Sport & Recreation	–	–	–	–	–	–	–	–	–
Vote 8 - Environmental Protection	–	–	–	–	–	–	–	–	–
Vote 9 - Waste Management	–	–	–	–	–	–	–	–	–
Vote 10 - Waste Water Management	–	–	–	–	–	–	–	–	–
Vote 11 - Roads Transport	–	–	–	–	–	–	–	–	–
Vote 12 - Water	–	–	–	–	–	–	–	–	–
Vote 13 - Electricity	–	–	–	–	–	–	–	–	–
Vote 14 - Other	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Vote	60,454	44,142	44,623	87,304	82,951	82,951	76,078	81,761	74,846
Capital Expenditure - Standard									
Governance and administration	4,045	5,056	2,641	5,037	7,348	7,348	2,867	–	–
Executive and council	–	–	–	975	850	850	785	–	–
Budget and treasury office	2,102	1,702	2,061	2,212	2,663	2,663	1,732	–	–
Corporate services	1,943	3,354	581	1,850	3,836	3,836	350	–	–
Community and public safety	12,668	272	10,286	35,670	24,227	24,227	23,682	14,890	18,260
Community and social services	–	–	–	–	312	312	–	–	–
Sport and recreation	31	272	683	–	–	–	–	–	–
Public safety	–	–	–	1,693	–	–	–	–	–
Housing	12,637	–	9,602	33,977	23,915	23,915	23,682	14,890	18,260
Health	–	–	–	–	–	–	–	–	–
Economic and environmental services	6,790	9,781	9,179	4,542	7,108	7,108	7,588	10,346	6,706
Planning and development	4,597	277	–	2,150	2,150	2,150	2,500	–	–
Road transport	2,193	9,505	9,179	2,392	4,958	4,958	5,088	10,346	6,706
Environmental protection	–	–	–	–	–	–	–	–	–
Trading services	36,952	29,033	22,517	42,055	44,267	44,267	41,941	56,525	49,880
Electricity	3,069	3,845	3,441	6,730	11,576	11,576	8,510	25,955	26,820
Water	22,797	21,043	14,135	12,420	11,907	11,907	10,309	980	23,060
Waste water management	6,252	4,144	4,941	20,797	18,601	18,601	23,122	29,590	–
Waste management	4,833	–	–	2,109	2,184	2,184	–	–	–
Other	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Standard	60,454	44,142	44,623	87,304	82,951	82,951	76,078	81,761	74,846
Funded by:									
National Government	12,158	21,716	18,053	22,577	22,577	22,577	34,674	36,110	29,206
Provincial Government	12,637	272	9,602	36,805	26,743	26,743	26,182	14,890	18,260
District Municipality	–	192	–	–	–	–	–	–	–
Other transfers and grants	–	–	683	–	–	–	–	–	–
Transfers recognised - capital	24,794	22,180	28,339	59,382	49,320	49,320	60,856	51,000	47,466
Public contributions & donations	–	–	–	–	–	–	–	22,000	22,000
Borrowing	27,127	18,246	8,055	21,285	21,285	21,285	11,275	8,761	4,930
Internally generated funds	8,533	3,716	8,230	6,637	12,346	12,346	3,947	–	450
Total Capital Funding	60,454	44,142	44,623	87,304	82,951	82,951	76,078	81,761	74,846

5. Annual Budget Tables

The following ten tables set out the Municipality's 2012/2013 Budget and MTREF to be approved by Resolution of Council:

Budget Summary (Table A1)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousands									
Financial Performance									
Property rates	34,400	38,729	41,130	40,183	39,742	39,742	43,766	47,347	51,220
Service charges	94,062	96,760	109,929	125,118	122,388	122,388	144,078	168,213	189,593
Investment revenue	3,715	2,758	1,665	1,700	1,450	1,450	1,800	2,000	2,100
Transfers recognised - operational	33,371	38,864	48,591	52,505	73,506	73,506	79,029	73,428	81,412
Other own revenue	51,333	43,996	29,301	22,640	27,284	27,284	29,982	30,768	30,653
Total Revenue (excluding capital transfers and contributions)	216,881	221,107	230,616	242,146	264,371	264,371	298,655	321,756	354,977
Employee costs	68,968	82,438	94,714	100,810	102,027	102,027	111,274	120,176	129,790
Remuneration of councillors	5,437	5,655	6,022	6,630	7,357	7,357	7,872	8,423	9,013
Depreciation & asset impairment	17,802	20,543	8,477	23,120	12,323	12,323	14,796	15,281	15,783
Finance charges	8,535	10,092	12,696	14,303	13,440	13,440	15,010	15,220	14,963
Materials and bulk purchases	22,526	25,913	34,790	42,873	42,000	42,000	47,609	64,671	79,531
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	93,653	102,368	85,768	52,781	75,899	75,899	86,651	86,309	96,435
Total Expenditure	216,921	247,009	242,467	240,518	253,046	253,046	283,213	310,081	345,516
Surplus/(Deficit)	(40)	(25,902)	(11,851)	1,628	11,325	11,325	15,442	11,676	9,462
Transfers recognised - capital	24,484	52,708	53,435	59,382	49,320	49,320	60,856	51,000	47,466
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	24,445	26,807	41,584	61,010	60,645	60,645	76,298	62,676	56,928
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	24,445	26,807	41,584	61,010	60,645	60,645	76,298	62,676	56,928
Capital expenditure & funds sources									
Capital expenditure	60,454	44,142	44,623	87,304	82,951	82,951	76,078	81,761	74,846
Transfers recognised - capital	24,794	22,180	28,339	59,382	49,320	49,320	60,856	51,000	47,466
Public contributions & donations	-	-	-	-	-	-	-	22,000	22,000
Borrowing	27,127	18,246	8,055	21,285	21,285	21,285	11,275	8,761	4,930
Internally generated funds	8,533	3,716	8,230	6,637	12,346	12,346	3,947	-	450
Total sources of capital funds	60,454	44,142	44,623	87,304	82,951	82,951	76,078	81,761	74,846
Financial position									
Total current assets	54,193	35,795	52,681	32,008	54,831	54,831	60,453	64,223	62,251
Total non current assets	290,699	315,154	641,054	438,941	709,949	709,949	800,047	870,294	942,506
Total current liabilities	48,912	48,645	44,493	52,723	52,301	52,301	60,495	69,337	82,957
Total non current liabilities	102,279	99,484	151,256	122,175	152,313	152,313	172,188	191,659	209,342
Community wealth/Equity	193,701	202,820	497,985	296,051	560,166	560,166	628,345	674,048	712,986
Cash flows									
Net cash from (used) operating	35,346	25,789	26,353	70,819	64,643	64,643	70,697	78,984	73,720
Net cash from (used) investing	(55,842)	(44,525)	(33,453)	(91,178)	(82,551)	(82,551)	(72,328)	(77,761)	(71,846)
Net cash from (used) financing	31,247	(4,973)	22,792	13,610	13,610	13,610	2,572	807	(3,170)
Cash/cash equivalents at the year end	31,071	7,362	23,054	1,128	18,326	18,326	19,267	21,298	20,002
Cash backing/surplus reconciliation									
Cash and investments available	31,071	7,362	22,624	5,002	18,326	18,326	19,267	21,298	20,002
Application of cash and investments	2,449	(12,718)	(1,048)	(10,828)	(11,682)	(11,682)	5,604	6,157	14,475
Balance - surplus (shortfall)	28,622	20,079	23,672	15,831	30,008	30,008	13,663	15,141	5,527
Asset management									
Asset register summary (WDV)	290,607	315,110	641,012	438,927	709,909	709,909	800,007	870,254	942,466
Depreciation & asset impairment	17,802	20,543	8,477	23,120	12,323	12,323	14,796	15,281	15,783
Renewal of Existing Assets	-	-	27,348	30,520	31,111	31,111	41,629	58,321	56,586
Repairs and Maintenance	14,322	17,688	14,054	17,344	15,850	15,850	16,646	16,972	17,990
Free services									
Cost of Free Basic Services provided	8,100	11,118	15,561	14,883	14,883	14,883	16,491	17,789	19,225
Revenue cost of free services provided	20,279	23,116	32,418	38,080	38,080	38,080	20,493	21,722	23,026
Households below minimum service level									
Water:	0	0	0	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-
Refuse:	9	9	9	9	9	9	9	9	9

Explanatory Notes Table A1 - Budget Summary

1. Table A1 is a Budget Summary and provides a concise overview of the Municipality's Budget from all of the major financial perspectives (Operating, Capital Expenditure, Financial Position, Cash Flow, and MFMA Funding Compliance).
2. The table provides an overview of the amounts approved by Council for Operating Performance, resources deployed to Capital Expenditure, Financial Position, Cash and Funding Compliance.
3. Financial Management Reforms emphasises the importance of the Municipal Budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The Operating Surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital Expenditure is balanced by Capital Funding Sources, of which
 - (1) Transfers recognised is reflected on the Financial Performance Budget;
 - (2) Borrowing is incorporated in the Net Cash from Financing on the Cash Flow Budget
 - (3) Internally Generated Funds are financed from a combination of the current Operating Surplus and Accumulated Cash-backed Surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the Municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash-backing/Surplus reconciliation shows that low level of Cash-backing for material obligation. The Funding and Reserve Policy that had been approved on the 5 May 2011 (C25/2011) together with the final Budget for 2011/2012 will address this. This cannot be achieved in one financial year, but over the MTREF there is progressive improvement in the level of cash-backing of obligations.
5. The section of Free Basic Services shows that the amount spent on Free Basic Services and the Revenue cost of free Services provided by the Municipality continues to increase. In addition, the Municipality continues to make progress in addressing Service delivery backlogs.

Budgeted Financial Performance (Revenue and Expenditure by Standard Classification) (Table A2)

Standard Classification Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue - Standard									
<i>Governance and administration</i>	125,429	155,651	153,796	149,464	160,252	160,252	181,174	173,889	179,749
Executive and council	6,507	7,102	2,581	1,660	2,636	2,636	4,164	4,501	4,788
Budget and treasury office	103,540	130,330	135,995	143,310	151,341	151,341	171,108	164,432	164,673
Corporate services	15,381	18,219	15,220	4,494	6,275	6,275	5,901	4,956	10,288
<i>Community and public safety</i>	9,599	4,595	4,903	6,886	10,328	10,328	12,355	7,216	7,780
Community and social services	4,119	843	1,049	1,096	4,583	4,583	6,040	391	415
Sport and recreation	199	104	87	93	32	32	264	40	44
Public safety	5,221	3,646	3,767	5,396	5,413	5,413	5,734	6,447	6,964
Housing	60	2	—	300	300	300	318	337	357
Health	—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>	12,394	8,044	6,405	6,670	7,418	7,418	7,171	7,487	7,936
Planning and development	6,921	3,397	1,711	1,990	2,397	2,397	1,731	1,835	1,945
Road transport	5,473	4,647	4,695	4,679	5,021	5,021	5,440	5,652	5,991
Environmental protection	—	—	—	—	—	—	—	—	—
<i>Trading services</i>	93,944	105,525	118,946	138,509	135,692	135,692	158,811	184,166	206,979
Electricity	32,740	38,464	47,285	58,561	59,160	59,160	67,020	86,310	102,466
Water	30,164	34,264	36,437	40,629	37,697	37,697	46,780	49,633	52,702
Waste water management	14,497	16,062	16,701	19,450	18,718	18,718	21,516	22,880	24,395
Waste management	16,543	16,736	18,523	19,869	20,117	20,117	23,495	25,342	27,416
<i>Other</i>	—	—	—	—	—	—	—	—	—
Total Revenue - Standard	241,366	273,815	284,050	301,528	313,691	313,691	359,511	372,756	402,443
Expenditure - Standard									
<i>Governance and administration</i>	72,803	99,385	102,322	84,540	103,448	103,448	111,403	111,135	121,232
Executive and council	9,063	8,911	21,540	19,630	22,438	22,438	23,886	23,511	25,225
Budget and treasury office	24,214	46,717	45,670	20,686	36,836	36,836	39,204	38,316	38,087
Corporate services	39,527	43,757	35,112	44,224	44,174	44,174	48,313	49,308	57,920
<i>Community and public safety</i>	29,336	23,553	20,280	23,589	24,168	24,168	23,050	24,564	26,350
Community and social services	9,979	4,493	3,496	4,022	3,888	3,888	4,383	4,727	5,100
Sport and recreation	6,527	6,301	4,753	5,406	5,133	5,133	5,795	6,080	6,542
Public safety	9,118	8,654	8,840	8,856	9,967	9,967	7,561	8,118	8,717
Housing	3,712	4,106	3,191	5,304	5,179	5,179	5,311	5,640	5,992
Health	—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>	25,169	25,551	25,164	29,435	26,852	26,852	32,013	34,225	36,648
Planning and development	7,693	6,745	7,026	7,428	7,981	7,981	7,384	7,899	8,452
Road transport	17,472	18,781	18,130	21,981	18,846	18,846	24,613	26,310	28,180
Environmental protection	4	25	8	25	25	25	15	16	17
<i>Trading services</i>	89,612	98,520	94,701	102,955	98,578	98,578	116,747	140,157	161,285
Electricity	27,145	34,215	38,245	43,533	42,819	42,819	53,550	72,203	87,926
Water	27,122	25,213	23,733	28,014	25,168	25,168	30,561	32,754	35,295
Waste water management	16,985	18,911	13,687	15,935	14,085	14,085	14,631	15,772	17,094
Waste management	18,360	20,180	19,036	15,473	16,507	16,507	18,005	19,427	20,970
<i>Other</i>	—	—	—	—	—	—	—	—	—
Total Expenditure - Standard	216,921	247,009	242,467	240,518	253,046	253,046	283,213	310,081	345,516
Surplus/(Deficit) for the year	24,445	26,807	41,584	61,010	60,645	60,645	76,298	62,676	56,928

Explanatory notes to Table A2 - Budgeted Financial Performance (Revenue and Expenditure by Standard Classification)

- Table A2 is a view of the Budgeted Financial Performance in relation to Revenue and Expenditure per Standard Classification. The modified GFS Standard Classification divides the Municipal Services into 15 Functional Areas. Municipal Revenue, Operating Expenditure and Capital Expenditure are then classified in terms of each of these Functional Areas which enable the National Treasury to compile 'whole of Government' Reports.
- Note the Total Revenue on this table includes Capital Revenues (Transfers recognised – Capital) and so does not balance to the Operating Revenue shown on Table A4.
- Note that as a General Principle the Revenues for the Trading Services should exceed their Expenditures. The table highlights that this is the case for Electricity, Water, Waste Water Management and Waste Management function.

Trading services	Income	Expenditure	Surplus/(Deficit)
Electricity	67,020	(53,550)	13,470
Water	46,780	(30,561)	16,220
Waste water management	21,516	(14,631)	6,885
Waste management	23,495	(18,005)	5,490
*R1.100 Mill of the Refuse removal is ring fenced for the Rehabilitation of the landfill site and programs to extent the airspace of the Landfill Site e.g. Recycling.			
Note: Expenditure figures include Repairs & Maintenance)			

4. Other functions that show a Deficit between Revenue and Expenditure are being financed from Assessment Rates Revenues and Other Revenue Sources reflected under the Budget and Treasury Office.

Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote) (Table A3)

Vote Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote									
Vote 1 - Executive & Council	19,186	21,257	3,913	4,572	5,684	5,684	6,271	5,416	10,754
Vote 2 - Finance & Admin	81,758	81,907	96,448	85,510	90,294	90,294	98,967	104,973	111,029
Vote 3 - Planning & Development	6,921	3,397	1,711	1,990	2,397	2,397	1,731	1,835	1,945
Vote 4 - Community & Social Services	4,119	843	1,049	1,096	4,583	4,583	6,040	391	415
Vote 5 - Housing	60	2	-	300	300	300	318	337	357
Vote 6 - Public Safety	5,221	3,646	3,767	5,396	5,413	5,413	5,734	6,447	6,964
Vote 7 - Sport & Recreation	199	104	87	93	32	32	264	40	44
Vote 8 - Environmental Protection	-	-	-	-	-	-	-	-	-
Vote 9 - Waste Management	16,543	16,736	18,523	19,869	20,117	20,117	23,495	25,342	27,416
Vote 10 - Waste Water Management	14,497	16,062	16,701	19,450	18,718	18,718	21,516	22,880	24,395
Vote 11 - Roads Transport	5,473	4,647	4,695	4,679	5,021	5,021	5,440	5,652	5,991
Vote 12 - Water	30,164	34,264	36,437	40,629	37,697	37,697	46,780	49,633	52,702
Vote 13 - Electricity	32,740	38,464	47,285	58,561	59,160	59,160	67,020	86,310	102,466
Vote 14 - Other	24,484	52,486	53,435	59,382	64,274	64,274	75,936	63,500	57,966
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	241,366	273,815	284,050	301,528	313,691	313,691	359,511	372,756	402,443
Expenditure by Vote to be appropriated									
Vote 1 - Executive & Council	36,430	37,725	42,497	45,436	47,094	47,094	50,388	49,490	58,165
Vote 2 - Finance & Admin	34,910	31,329	33,617	35,652	38,372	38,372	41,779	44,717	47,849
Vote 3 - Planning & Development	9,115	9,888	9,710	10,873	10,717	10,717	10,331	11,078	11,881
Vote 4 - Community & Social Services	9,979	4,493	3,496	4,022	3,888	3,888	4,383	4,727	5,100
Vote 5 - Housing	3,712	4,106	3,191	5,304	5,179	5,179	5,311	5,640	5,992
Vote 6 - Public Safety	9,118	8,654	8,840	8,856	9,967	9,967	7,561	8,118	8,717
Vote 7 - Sport & Recreation	6,527	6,301	4,753	5,406	5,133	5,133	5,795	6,080	6,542
Vote 8 - Environmental Protection	4	25	8	25	25	25	15	16	17
Vote 9 - Waste Management	18,360	20,180	19,036	15,473	16,507	16,507	18,005	19,427	20,970
Vote 10 - Waste Water Management	16,985	18,911	13,687	15,935	14,085	14,085	14,631	15,772	17,094
Vote 11 - Roads Transport	17,472	18,781	18,130	21,981	18,846	18,846	24,613	26,310	28,180
Vote 12 - Water	27,122	25,213	23,733	28,014	25,168	25,168	30,561	32,754	35,295
Vote 13 - Electricity	27,145	34,215	38,245	43,533	42,819	42,819	53,550	72,203	87,926
Vote 14 - Other	42	27,188	23,525	8	15,246	15,246	16,289	13,749	11,789
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	216,921	247,009	242,467	240,518	253,046	253,046	283,213	310,081	345,516
Surplus/(Deficit) for the year	24,445	26,807	41,584	61,010	60,645	60,645	76,298	62,676	56,928

Explanatory Notes to Table A3 - Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote)

1. Table A3 is a view of the Budgeted Financial Performance in relation to the Revenue and Expenditure per Municipal vote. This table facilitates the view of the Budgeted Operating Performance in relation to the Organisational Structure of the Municipality. This means it is possible to present the Operating Surplus or Deficit per vote.

Budgeted Financial Performance (Revenue and Expenditure) (Table A4)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source									
Property rates	34,400	38,729	41,130	40,183	39,742	39,742	43,766	47,347	51,220
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	31,996	37,931	46,752	57,054	57,653	57,653	64,822	83,949	99,899
Service charges - water revenue	30,080	31,259	34,163	37,690	34,758	34,758	43,664	46,283	49,060
Service charges - sanitation revenue	14,497	12,879	13,419	14,797	14,065	14,065	16,584	17,579	18,634
Service charges - refuse revenue	14,949	13,146	14,165	14,085	14,333	14,333	17,248	18,628	20,118
Service charges - other	2,541	1,546	1,429	1,493	1,579	1,579	1,761	1,775	1,882
Rental of facilities and equipment	1,460	2,004	1,300	1,534	2,195	2,195	2,712	2,880	3,055
Interest earned - external investments	3,715	2,758	1,665	1,700	1,450	1,450	1,800	2,000	2,100
Interest earned - outstanding debtors	8,105	6,352	7,389	6,000	7,000	7,000	7,000	6,000	5,500
Dividends received	-	-	-	-	-	-	-	-	-
Fines	5,152	3,592	3,627	5,074	5,092	5,092	5,376	6,080	6,586
Licences and permits	76	62	2,612	2,603	2,814	2,814	3,033	3,214	3,406
Agency services	1,415	1,974	1,778	1,815	1,832	1,832	2,015	2,136	2,264
Transfers recognised - operational	33,371	38,864	48,591	52,505	73,506	73,506	79,029	73,428	81,412
Other revenue	35,126	30,013	13,383	4,614	5,351	5,351	6,096	6,458	6,842
Gains on disposal of PPE	-	-	(789)	1,000	3,000	3,000	3,750	4,000	3,000
Total Revenue (excluding capital transfers and contributions)	216,881	221,107	230,616	242,146	264,371	264,371	298,655	321,756	354,977
Expenditure By Type									
Employee related costs	68,968	82,438	94,714	100,810	102,027	102,027	111,274	120,176	129,790
Remuneration of councillors	5,437	5,655	6,022	6,630	7,357	7,357	7,872	8,423	9,013
Debt impairment	24,526	18,277	18,638	4,034	8,325	8,325	13,211	15,037	16,678
Depreciation & asset impairment	17,802	20,543	8,477	23,120	12,323	12,323	14,796	15,281	15,783
Finance charges	8,535	10,092	12,696	14,303	13,440	13,440	15,010	15,220	14,963
Bulk purchases	22,526	25,913	34,790	42,873	42,000	42,000	47,609	64,671	79,531
Other materials	-	-	-	-	-	-	-	-	-
Contracted services	8,538	8,653	10,377	15,601	14,427	14,427	17,502	17,522	18,721
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	60,589	75,438	56,753	33,147	53,146	53,146	55,938	53,751	61,037
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-
Total Expenditure	216,921	247,009	242,467	240,518	253,046	253,046	283,213	310,081	345,516
Surplus/(Deficit)	(40)	(25,902)	(11,851)	1,628	11,325	11,325	15,442	11,676	9,462
Transfers recognised - capital	24,484	52,708	53,435	59,382	49,320	49,320	60,856	51,000	47,466
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	24,445	26,807	41,584	61,010	60,645	60,645	76,298	62,676	56,928
Taxation	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	24,445	26,807	41,584	61,010	60,645	60,645	76,298	62,676	56,928
Attributable to minorities	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	24,445	26,807	41,584	61,010	60,645	60,645	76,298	62,676	56,928
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	24,445	26,807	41,584	61,010	60,645	60,645	76,298	62,676	56,928

Explanatory notes to Table A4 - Budgeted Financial Performance (Revenue and Expenditure)

1. Total Revenue is R264, 371 in 2011/12 and escalates to R298, 655 million by 2012/13. This represents a year-on-year increase of 13% for the 2012/13 financial year and 8% for the 2013/14 financial year and 10% increase to 2014/2015.
2. Revenue to be generated from Property Rates is R39.742 million in the 2011/12 Financial year and increases to R43,766 million by 2012/13 which represents 15% of the Operating Revenue base of the Municipality and therefore remains a significant funding source for the Municipality.

3. Services Charges relating to Electricity, Water, Sanitation and Refuse Removal constitutes the biggest component of the Revenue basket of the Municipality totalling R122,388 million for the 2011/12 financial year and increasing to R144,078 million (18%) in 2012/13 and to R168,213 million (17%) and R189,593 million (13%) respectively for the two subsequent outer years. For the 2012/13 financial year Services Charges amount to 48% of the Total Revenue base.
4. Transfers recognised – Operating includes the Local Government Equitable Share and Other Operating grants from National and Provincial Government. It needs to be noted that in real terms the Grants Receipts from National and Provincial Government are growing gradually over the MTREF by 8%, decline 7% and 11%.
5. Bulk Purchases have significantly increased over the 2008/09 to 2012/13 period escalating from R22.526 million to R47, 609 million. These increases can be attributed to the substantial increase in the cost of Bulk Electricity from Eskom and to Water from Overberg Water to a lesser extent.
6. Employee related Costs and Bulk Purchases are the main cost drivers within the Municipality (56%).

Budgeted Capital Expenditure by Vote, Standard Classification and Funding (Table A5)

Vote Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Vote 1 - Executive & Council	1,759	3,354	581	2,825	4,686	4,686	1,135	-	-
Vote 2 - Finance & Admin	2,286	1,702	2,061	2,212	2,663	2,663	1,732	-	-
Vote 3 - Planning & Development	4,597	277	-	2,150	2,150	2,150	2,500	-	-
Vote 4 - Community & Social Services	-	-	-	-	312	312	-	-	-
Vote 5 - Housing	12,637	-	9,602	33,977	23,915	23,915	23,682	14,890	18,260
Vote 6 - Public Safety	-	-	-	1,693	-	-	-	-	-
Vote 7 - Sport & Recreation	31	272	683	-	-	-	-	-	-
Vote 8 - Environmental Protection	-	-	-	-	-	-	-	-	-
Vote 9 - Waste Management	4,833	-	-	2,109	2,184	2,184	-	-	-
Vote 10 - Waste Water Management	6,252	4,144	4,941	20,797	18,601	18,601	23,122	29,590	-
Vote 11 - Roads Transport	2,193	9,505	9,179	2,392	4,958	4,958	5,088	10,346	6,706
Vote 12 - Water	22,797	21,043	14,135	12,420	11,907	11,907	10,309	980	23,060
Vote 13 - Electricity	3,069	3,845	3,441	6,730	11,576	11,576	8,510	25,955	26,820
Vote 14 - Other	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	60,454	44,142	44,623	87,304	82,951	82,951	76,078	81,761	74,846
Single-year expenditure to be appropriated									
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-
Vote 2 - Finance & Admin	-	-	-	-	-	-	-	-	-
Vote 3 - Planning & Development	-	-	-	-	-	-	-	-	-
Vote 4 - Community & Social Services	-	-	-	-	-	-	-	-	-
Vote 5 - Housing	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety	-	-	-	-	-	-	-	-	-
Vote 7 - Sport & Recreation	-	-	-	-	-	-	-	-	-
Vote 8 - Environmental Protection	-	-	-	-	-	-	-	-	-
Vote 9 - Waste Management	-	-	-	-	-	-	-	-	-
Vote 10 - Waste Water Management	-	-	-	-	-	-	-	-	-
Vote 11 - Roads Transport	-	-	-	-	-	-	-	-	-
Vote 12 - Water	-	-	-	-	-	-	-	-	-
Vote 13 - Electricity	-	-	-	-	-	-	-	-	-
Vote 14 - Other	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote	60,454	44,142	44,623	87,304	82,951	82,951	76,078	81,761	74,846
Capital Expenditure - Standard									
Governance and administration	4,045	5,056	2,641	5,037	7,348	7,348	2,867	-	-
Executive and council	-	-	-	975	850	850	785	-	-
Budget and treasury office	2,102	1,702	2,061	2,212	2,663	2,663	1,732	-	-
Corporate services	1,943	3,354	581	1,850	3,836	3,836	350	-	-
Community and public safety	12,668	272	10,286	35,670	24,227	24,227	23,682	14,890	18,260
Community and social services	-	-	-	-	312	312	-	-	-
Sport and recreation	31	272	683	-	-	-	-	-	-
Public safety	-	-	-	1,693	-	-	-	-	-
Housing	12,637	-	9,602	33,977	23,915	23,915	23,682	14,890	18,260
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	6,790	9,781	9,179	4,542	7,108	7,108	7,588	10,346	6,706
Planning and development	4,597	277	-	2,150	2,150	2,150	2,500	-	-
Road transport	2,193	9,505	9,179	2,392	4,958	4,958	5,088	10,346	6,706
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	36,952	29,033	22,517	42,055	44,267	44,267	41,941	56,525	49,880
Electricity	3,069	3,845	3,441	6,730	11,576	11,576	8,510	25,955	26,820
Water	22,797	21,043	14,135	12,420	11,907	11,907	10,309	980	23,060
Waste water management	6,252	4,144	4,941	20,797	18,601	18,601	23,122	29,590	-
Waste management	4,833	-	-	2,109	2,184	2,184	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	60,454	44,142	44,623	87,304	82,951	82,951	76,078	81,761	74,846
Funded by:									
National Government	12,158	21,716	18,053	22,577	22,577	22,577	34,674	36,110	29,206
Provincial Government	12,637	272	9,602	36,805	26,743	26,743	26,182	14,890	18,260
District Municipality	-	192	-	-	-	-	-	-	-
Other transfers and grants	-	-	683	-	-	-	-	-	-
Transfers recognised - capital	24,794	22,180	28,339	59,382	49,320	49,320	60,856	51,000	47,466
Public contributions & donations	-	-	-	-	-	-	-	22,000	22,000
Borrowing	27,127	18,246	8,055	21,285	21,285	21,285	11,275	8,761	4,930
Internally generated funds	8,533	3,716	8,230	6,637	12,346	12,346	3,947	-	450
Total Capital Funding	60,454	44,142	44,623	87,304	82,951	82,951	76,078	81,761	74,846

Explanatory Notes To Table A5 - Budgeted Capital Expenditure by Vote, Standard Classification And Funding Source

1. Table A5 is a breakdown of the Capital Programme in relation to Capital Expenditure by Municipal vote (multi-year and single-year appropriations); Capital Expenditure by Standard Classification; and the Funding Sources necessary to fund the Capital Budget, including information on Capital transfers from National and Provincial Departments.
2. The MFMA provides that a Municipality may approve Multi-year or Single-year Capital Budget Appropriations. For the Multi-year Appropriations Capital Budget, for 2012/13 R76, 078 million has been allocated. This allocation increase to R81, 761 million in 2013/14 and then decrease to R74, 846 million in 2014/15.
3. The Capital Programme is funded from National and Provincial Grants, which includes Municipal Infrastructure Grant and Housing, borrowing and internally generated funds from Current year Surpluses and Previous years Reserve. For 2011/12, Capital Transfers Totals R49, 320 million (59%) and escalates to R60, 856 million (80%) in 2012/13. Borrowing in 2012/13 has been provided at R11, 275 million, R8, 761 million and R4, 930 million for each of the subsequent outer financial years of the MTREF. Internally-generated Funding totaling R12, 346 million in 2011/2012 and R3, 947 million for 2012/2013 and R0, million and R450 thousand respectively in the two subsequent outer financial years. These Funding Sources are further discussed in detail in Section 12 (Overview of Budget Funding).

Budgeted Financial Position (Table A6)

WC031 Theewaterskloof - Table A6 Budgeted Financial Position

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
ASSETS									
Current assets									
Cash	5,586	2,375	7,229	1,002	3,326	3,326	4,267	4,298	2
Call investment deposits	25,485	4,987	15,394	4,000	15,000	15,000	15,000	17,000	20,000
Consumer debtors	19,259	23,257	25,936	21,195	29,195	29,195	32,845	33,216	30,898
Other debtors	3,765	5,073	2,233	5,700	5,700	5,700	6,840	8,208	9,850
Current portion of long-term receivables	12	6	4	2	2	2	2	2	2
Inventory	86	97	1,884	109	1,609	1,609	1,500	1,500	1,500
Total current assets	54,193	35,795	52,681	32,008	54,831	54,831	60,453	64,223	62,251
Non current assets									
Long-term receivables	92	44	41	14	39	39	40	40	40
Investments	—	—	—	—	—	—	—	—	—
Investment property	29,861	29,098	235,358	25,000	209,133	209,133	239,094	242,729	255,740
Investment in Associate	—	—	—	—	—	—	—	—	—
Property, plant and equipment	260,324	284,533	403,596	411,749	498,749	498,749	558,731	625,211	684,275
Agricultural	—	—	—	—	—	—	—	—	—
Biological	—	—	—	—	—	—	—	—	—
Intangible	422	1,478	2,059	2,178	2,028	2,028	2,182	2,313	2,452
Other non-current assets	—	—	—	—	—	—	—	—	—
Total non current assets	290,699	315,154	641,054	438,941	709,949	709,949	800,047	870,294	942,506
TOTAL ASSETS	344,892	350,949	693,734	470,949	764,780	764,780	860,500	934,517	1,004,757
LIABILITIES									
Current liabilities									
Bank overdraft	—	—	—	—	—	—	—	—	—
Borrowing	4,985	4,711	5,271	7,904	7,904	7,904	8,954	8,229	8,403
Consumer deposits	2,697	2,942	3,149	3,560	3,160	3,160	3,381	3,618	3,871
Trade and other payables	34,641	31,355	24,650	29,598	29,576	29,576	36,160	44,990	57,683
Provisions	6,589	9,637	11,422	11,661	11,661	11,661	12,000	12,500	13,000
Total current liabilities	48,912	48,645	44,493	52,723	52,301	52,301	60,495	69,337	82,957
Non current liabilities									
Borrowing	83,103	78,105	100,129	96,307	106,859	106,859	118,135	126,896	131,826
Provisions	19,176	21,379	51,128	25,868	45,454	45,454	54,053	64,764	77,516
Total non current liabilities	102,279	99,484	151,256	122,175	152,313	152,313	172,188	191,659	209,342
TOTAL LIABILITIES	151,191	148,129	195,749	174,898	204,614	204,614	232,683	260,996	292,299
NET ASSETS	193,701	202,820	497,985	296,051	560,166	560,166	627,818	673,521	712,459
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	192,954	202,789	486,787	296,020	548,126	548,126	608,305	654,008	692,946
Reserves	747	31	11,198	31	12,040	12,040	20,040	20,040	20,040
Minorities' interests	—	—	—	—	—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY	193,701	202,820	497,985	296,051	560,166	560,166	628,345	674,048	712,986

Explanatory Notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with the International General Recognized Accounting Practice (GRAP), as with the Financial Statements, and improves understandability of the impact of the Budget on the Statement of Financial Position (Balance Sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. Assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table A6 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call Investments Deposits;
 - Consumer Debtors;
 - Property, Plant And Equipment;
 - Trade and Other Payables;
 - Provisions non-current;

- Changes in net Assets; and
 - Reserves
- The Municipal equivalent of Equity is Community Wealth/Equity. The justification is that ownership and the Net Assets of the Municipality belong to the community.
 - Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the Collection Rate assumption will impact on the Cash Position of the Municipality and subsequently inform the level of Cash and Cash Equivalents at year end. Similarly, the Collection Rate Assumption should inform the Budget Appropriation for Debt Impairment which in turn would impact on the Provision for Bad Debt. These Budget and Planning Assumptions form a critical link in determining the applicability and relevance of the Budget as well as the determination of Ratios and Financial Indicators. In addition the Funding Compliance Assessment is informed directly by forecasting the Statement of Financial Position.

Budgeted Cash Flows (Table A7)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	189,726	223,553	160,770	212,904	213,377	213,377	193,864	243,292	268,287
Government - operating	—	—	47,961	52,505	58,552	58,552	79,029	73,428	81,412
Government - capital	—	—	53,435	59,382	64,274	64,274	60,856	51,000	47,466
Interest	11,693	9,109	8,475	7,700	8,450	8,450	8,800	8,000	7,600
Dividends	—	—	—	—	—	—	—	—	—
Payments									
Suppliers and employees	(158,837)	(198,571)	(233,028)	(247,369)	(266,571)	(266,571)	(256,842)	(281,516)	(316,082)
Finance charges	(7,235)	(8,302)	(10,831)	(14,303)	(13,440)	(13,440)	(15,010)	(15,220)	(14,963)
Transfers and Grants	—	—	(428)	—	—	—	—	—	—
NET CASH FROM/(USED) OPERATING ACTIVITIES	35,346	25,789	26,353	70,819	64,643	64,643	70,697	78,984	73,720
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	5,252	850	1,610	—	—	—	3,750	4,000	3,000
Decrease (increase) in non-current debtors	—	—	—	—	—	—	—	—	—
Decrease (increase) other non-current receivables	—	—	5	—	—	—	—	—	—
Decrease (increase) in non-current investments	—	—	—	—	—	—	—	—	—
Payments									
Capital assets	(61,094)	(45,375)	(35,067)	(91,178)	(82,551)	(82,551)	(76,078)	(81,761)	(74,846)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(55,842)	(44,525)	(33,453)	(91,178)	(82,551)	(82,551)	(72,328)	(77,761)	(71,846)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing	33,391	55	26,496	21,285	21,285	21,285	11,275	8,761	4,930
Increase (decrease) in consumer deposits	320	299	207	229	229	229	250	276	303
Payments									
Repayment of borrowing	(2,463)	(5,327)	(3,911)	(7,904)	(7,904)	(7,904)	(8,954)	(8,229)	(8,403)
NET CASH FROM/(USED) FINANCING ACTIVITIES	31,247	(4,973)	22,792	13,610	13,610	13,610	2,572	807	(3,170)
NET INCREASE/ (DECREASE) IN CASH HELD	10,752	(23,709)	15,692	(6,749)	(4,298)	(4,298)	941	2,031	(1,296)
Cash/cash equivalents at the year begin:	20,319	31,071	7,362	22,624	22,624	22,624	18,326	19,267	21,298
Cash/cash equivalents at the year end:	31,071	7,362	23,054	1,128	18,326	18,326	19,267	21,298	20,002

Explanatory Notes to Table A7 - Budgeted Cash Flow Statement

- The Budgeted Cash Flow Statement is the first measurement in determining if the Budget is funded.
- It shows the expected level of Cash in-flow versus Cash out-flows which is likely to result from the Implementation of the Budget.
- If cash flow for 2011/12 is recalculated the closing balance would be R18.326 million.
- Cash and Cash equivalents totals R19, 267 million as at the end of the 2012/13 financial year and decrease to R20, 002 million by 2014/15.

Cash Backed Reserves/Accumulated Surplus Reconciliation (Table A8)

WC031 Theewaterskloof - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash and investments available									
Cash/cash equivalents at the year end	31,071	7,362	23,054	1,128	18,326	18,326	19,267	21,298	20,002
Other current investments > 90 days	-	-	(430)	3,874	-	-	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-
Cash and investments available:	31,071	7,362	22,624	5,002	18,326	18,326	19,267	21,298	20,002
Application of cash and investments									
Unspent conditional transfers	8,428	7,149	2,414	2,400	2,400	2,400	2,500	2,500	2,500
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	-	-	-	-	-
Other working capital requirements	(5,979)	(19,866)	(3,463)	(13,259)	(14,122)	(14,122)	(4,936)	(4,383)	3,935
Other provisions	-	-	-	-	-	-	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	31	40	40	8,040	8,040	8,040
Total Application of cash and investments:	2,449	(12,718)	(1,048)	(10,828)	(11,682)	(11,682)	5,604	6,157	14,475
Surplus(shortfall)	28,622	20,079	23,672	15,831	30,008	30,008	13,663	15,141	5,527

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The Cash Backed Reserves/Accumulated Surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the Budget by firstly forecasting the Cash and Investments at year end and secondly reconciling the available Funding to the Liabilities/Commitments that exist.
3. The outcome of this exercise would either be a Surplus or Deficit. A deficit would indicate that the applications exceed the Cash and Investments available and would be indicative of non-compliance with the MFMA requirements that the Municipality's Budget must be "funded".
4. Non-compliance with Section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual Budget is not appropriately funded.
5. From the table above it can be seen that for the period 2009/10 to 2012/13 the situation decrease from R20.079 million Surplus to R14, 190 million Surplus.

HIGH LEVEL SUMMARY	
Net Operating Revenue	359,510,506
Net Operating Expenditure	283,212,527
Surplus (Deficit)	76,297,979
Less non cash items:	
Depreciation	13,495,787
Capital out of income(Inventory and Quick Wins	-2,516,871
GRAP Provisions	5,989,400
Redemption	-8,987,433
Repairs and maintenance	-16,646,360
Transfer to CRR	-6,776,502
Capital Grants	-60,856,000
Cash Surplus (Deficit)	-

Asset Management (Table A9)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	60,512	44,142	17,275	56,784	51,840	51,840	34,449	23,440	18,260
Infrastructure - Road transport	2,193	9,505	—	—	—	—	—	—	—
Infrastructure - Electricity	3,921	3,845	1,638	6,180	8,542	8,542	4,000	—	—
Infrastructure - Water	22,722	21,184	2,883	5,200	7,283	7,283	1,000	—	—
Infrastructure - Sanitation	6,220	4,144	592	4,606	4,643	4,643	400	8,550	—
Infrastructure - Other	—	—	—	2,109	2,184	2,184	—	—	—
Infrastructure	35,056	38,678	5,114	18,095	22,651	22,651	5,400	8,550	—
Community	31	272	—	33,977	—	—	2,500	—	—
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	—	9,602	—	24,315	24,315	23,682	14,890	18,260
Other assets	25,425	5,192	2,559	4,712	4,875	4,875	2,867	—	—
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	—	—	—	—	—	—	—	—	—
Total Renewal of Existing Assets	—	—	27,348	30,520	31,111	31,111	41,629	58,321	56,586
Infrastructure - Road transport	—	—	9,179	4,085	5,408	5,408	5,088	10,346	6,706
Infrastructure - Electricity	—	—	1,885	550	1,145	1,145	4,510	25,955	26,820
Infrastructure - Water	—	—	11,252	7,220	7,374	7,374	9,309	980	23,060
Infrastructure - Sanitation	—	—	4,348	16,190	14,458	14,458	22,722	21,040	—
Infrastructure - Other	—	—	—	—	—	—	—	—	—
Infrastructure	—	—	26,665	28,045	28,386	28,386	41,629	58,321	56,586
Community	—	—	683	—	—	—	—	—	—
Heritage assets	—	—	—	—	1,750	1,750	—	—	—
Investment properties	—	—	—	—	—	—	—	—	—
Other assets	—	—	—	2,475	975	975	—	—	—
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	—	—	—	—	—	—	—	—	—
Total Capital Expenditure	2,193	9,505	9,179	4,085	5,408	5,408	5,088	10,346	6,706
Infrastructure - Road transport	2,193	9,505	9,179	4,085	5,408	5,408	5,088	10,346	6,706
Infrastructure - Electricity	3,921	3,845	3,523	6,730	9,687	9,687	8,510	25,955	26,820
Infrastructure - Water	22,722	21,184	14,135	12,420	14,657	14,657	10,309	980	23,060
Infrastructure - Sanitation	6,220	4,144	4,941	20,797	19,101	19,101	23,122	29,590	—
Infrastructure - Other	—	—	—	2,109	2,184	2,184	—	—	—
Infrastructure	35,056	38,678	31,778	46,140	51,037	51,037	47,029	66,871	56,586
Community	31	272	683	33,977	—	—	2,500	—	—
Heritage assets	—	—	—	—	1,750	1,750	—	—	—
Investment properties	—	—	9,602	—	24,315	24,315	23,682	14,890	18,260
Other assets	25,425	5,192	2,559	7,187	5,850	5,850	2,867	—	—
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	—	—	—	—	—	—	—	—	—
TOTAL CAPITAL EXPENDITURE - Asset class	60,512	44,142	44,623	87,304	82,951	82,951	76,078	81,761	74,846
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	—	—	—	—	—	—	—	—	—
Infrastructure - Electricity	—	—	—	—	—	—	—	—	—
Infrastructure - Water	—	—	—	—	—	—	—	—	—
Infrastructure - Sanitation	—	—	—	—	—	—	—	—	—
Infrastructure - Other	260,324	284,533	403,596	411,749	498,749	498,749	558,731	625,211	684,275
Infrastructure	260,324	284,533	403,596	411,749	498,749	498,749	558,731	625,211	684,275
Community	—	—	—	—	—	—	—	—	—
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	29,861	29,098	235,358	25,000	209,133	209,133	239,094	242,729	255,740
Other assets	—	—	—	—	—	—	—	—	—
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	422	1,478	2,059	2,178	2,028	2,028	2,182	2,313	2,452
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	290,607	315,110	641,012	438,927	709,909	709,909	800,007	870,254	942,466
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	17,802	20,543	8,477	23,120	12,323	12,323	14,796	15,281	15,783
Repairs and Maintenance by Asset Class	14,322	17,688	14,054	17,344	15,850	15,850	16,646	16,972	17,990
Infrastructure - Road transport	4,088	4,023	2,214	2,898	2,581	2,581	3,150	3,196	3,388
Infrastructure - Electricity	2,488	4,117	1,043	4,199	1,055	1,055	1,169	709	752
Infrastructure - Water	27	228	1,350	145	1,489	1,489	1,603	1,699	1,801
Infrastructure - Sanitation	586	422	1,186	755	1,347	1,347	1,337	1,417	1,502
Infrastructure - Other	1,000	1,498	—	1,050	89	89	113	120	127
Infrastructure	8,190	10,288	5,792	9,048	6,560	6,560	7,371	7,140	7,569
Community	—	—	1,143	—	1,050	1,050	750	795	843
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	—	—	—	—	—	—	—	—
Other assets	6,133	7,400	7,119	8,296	8,240	8,240	8,525	9,037	9,579
TOTAL EXPENDITURE OTHER ITEMS	32,124	38,231	22,531	40,463	28,173	28,173	31,442	32,253	33,773
Renewal of Existing Assets as % of total capex	0.0%	0.0%	61.3%	35.0%	37.5%	37.5%	54.7%	71.3%	75.6%
Renewal of Existing Assets as % of deprecn"	0.0%	0.0%	322.6%	132.0%	252.5%	252.5%	281.4%	381.7%	358.5%
R&M as a % of PPE	5.5%	6.2%	3.5%	4.2%	3.2%	3.2%	3.0%	2.7%	2.6%
Renewal and R&M as a % of PPE	5.0%	6.0%	6.0%	11.0%	7.0%	7.0%	7.0%	9.0%	8.0%

Explanatory notes to Table A9 - Asset Management

- Table A9 provides an overview of Municipal Capital Allocations to building New Assets and the Renewal of Existing Assets, as well as spending on Repairs and Maintenance by Asset Class.
- National Treasury has recommended that Municipalities should allocate at least 40 % of their Capital Budget to the renewal of existing Assets, and Allocations to Repairs and Maintenance should be 8 % of PPE. The Municipality does meet only these recommendations in regard to Renewal of Existing Assets as 54.7% of Capital Budget is allocated to renewal of Existing Assets and 3% to Repairs and Maintenance.

Basic Service Delivery Measurement (Table A10)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Household service targets									
Water:									
Piped water inside dwelling	23,121	23,121	23,121	23,121	23,121	23,121	23,121	23,121	23,121
Piped water inside yard (but not in dwelling)	667	667	667	667	667	667	667	667	667
Using public tap (at least min.service level)									
Other water supply (at least min.service level)									
<i>Minimum Service Level and Above sub-total</i>	23,788	23,788	23,788	23,788	23,788	23,788	23,788	23,788	23,788
Using public tap (< min.service level)	365	365	365						
Other water supply (< min.service level)									
No water supply									
<i>Below Minimum Service Level sub-total</i>	365	365	365						
Total number of households	24,153	24,153	24,153	23,788	23,788	23,788	23,788	23,788	23,788
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	21,560	21,560	21,560	21,560	21,560	21,560	21,560	21,560	21,560
Flush toilet (with septic tank)	2,593	2,593	2,593	2,593	2,593	2,593	2,593	2,593	2,593
Chemical toilet									
Pit toilet (ventilated)									
Other toilet provisions (> min.service level)									
<i>Minimum Service Level and Above sub-total</i>	24,153	24,153	24,153	24,153	24,153	24,153	24,153	24,153	24,153
Bucket toilet									
Other toilet provisions (< min.service level)									
No toilet provisions									
<i>Below Minimum Service Level sub-total</i>									
Total number of households	24,153	24,153	24,153	24,153	24,153	24,153	24,153	24,153	24,153
Energy:									
Electricity (at least min.service level)	2,882	2,711	2,725	2,000	2,000	2,000	2,000	2,000	2,000
Electricity - prepaid (min.service level)	2,917	3,169	3,280	4,000	4,000	4,000	4,000	4,000	4,000
<i>Minimum Service Level and Above sub-total</i>	5,799	5,880	6,005	6,000	6,000	6,000	6,000	6,000	6,000
Electricity (< min.service level)									
Electricity - prepaid (< min. service level)									
Other energy sources									
<i>Below Minimum Service Level sub-total</i>									
Total number of households	5,799	5,880	6,005	6,000	6,000	6,000	6,000	6,000	6,000
Refuse:									
Removed at least once a week	19,196	19,196	19,196	19,196	19,196	19,196	19,196	19,196	19,196
<i>Minimum Service Level and Above sub-total</i>	19,196	19,196	19,196	19,196	19,196	19,196	19,196	19,196	19,196
Removed less frequently than once a week	816	816	816	816	816	816	816	816	816
Using communal refuse dump	1,366	1,366	1,366	1,366	1,366	1,366	1,366	1,366	1,366
Using own refuse dump	6,816	6,816	6,816	6,816	6,816	6,816	6,816	6,816	6,816
Other rubbish disposal									
No rubbish disposal	384	384	384	384	384	384	384	384	384
<i>Below Minimum Service Level sub-total</i>	9,382	9,382	9,382	9,382	9,382	9,382	9,382	9,382	9,382
Total number of households	28,578	28,578	28,578	28,578	28,578	28,578	28,578	28,578	28,578
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	7,039	5,911	7,600	7,000	7,000	7,000	8,000	8,000	8,000
Sanitation (free minimum level service)	7,039	5,911	7,600	7,000	7,000	7,000	8,000	8,000	8,000
Electricity/other energy (50kwh per household per month)	7,039	5,911	7,600	7,000	7,000	7,000	8,000	8,000	8,000
Refuse (removed at least once a week)	7,039	5,911	7,600	7,000	7,000	7,000	8,000	8,000	8,000
Cost of Free Basic Services provided (R'000)									
Water (6 kilolitres per household per month)	1,800	1,980	2,633	2,939	2,939	2,939	3,115	3,302	3,500
Sanitation (free sanitation service)	1,728	3,049	4,171	4,653	4,653	4,653	4,932	5,228	5,541
Electricity/other energy (50kwh per household per month)	2,160	2,331	3,572	1,508	1,508	1,508	2,197	2,637	3,164
Refuse (removed once a week)	2,412	3,758	5,184	5,784	5,784	5,784	6,247	6,622	7,019
Total cost of FBS provided (minimum social package)	8,100	11,118	15,561	14,883	14,883	14,883	16,491	17,789	19,225
Highest level of free service provided									
Property rates (R value threshold)	15,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)									
Sanitation (Rand per household per month)	36	71	77	77	77	77	86	92	97
Electricity (kwh per household per month)	50	50	50	60	60	60	60	60	60
Refuse (average litres per week)							240	240	240
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)	10,136	9,398	13,224	13,020	13,020	13,020			
Property rates (other exemptions, reductions and rebates)									
Water	2,070	2,277	3,028	5,142	5,142	5,142	3,115	3,302	3,500
Sanitation	1,987	3,507	4,797	6,460	6,460	6,460	4,932	5,228	5,541
Electricity/other energy	2,484	2,680	4,108	5,343	5,343	5,343	2,197	2,329	2,469
Refuse	2,774	4,322	5,962	6,807	6,807	6,807	6,247	6,622	7,019
Municipal Housing - rental rebates	828	932	1,298	1,307	1,307	1,307	1,329	1,408	1,493
Housing - top structure subsidies									
Other							2,673	2,833	3,003
Total revenue cost of free services provided (total social package)	20,279	23,116	32,418	38,080	38,080	38,080	20,493	21,722	23,026

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an Overview of Service Delivery Levels, including Backlogs (below minimum Service level), for each of the main Services.
2. The Municipality continues to make good progress with the eradication of backlogs:
 - a. Water Services
 - b. Sanitation Services
 - c. Electricity Services
 - d. Refuse Services
3. The Budget provides for 8 000 households to be registered as indigent in 2012/13, and therefore entitled to receiving Free Basic Services. The number is set to increase given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities and housing.
4. It is anticipated that these Free Basic Services will cost the Municipality R20.493 million in 2012/13. This is covered by the Municipality's equitable share allocation from National Government.
5. This need to be seen within the context of the Municipality's overall Revenue Management Strategy – the more the Municipality gives away, the less there is available to fund other Services. Currently, the 'free Services' represent about 7% of total Operating Revenue.

6. Overview of Annual Budget Process

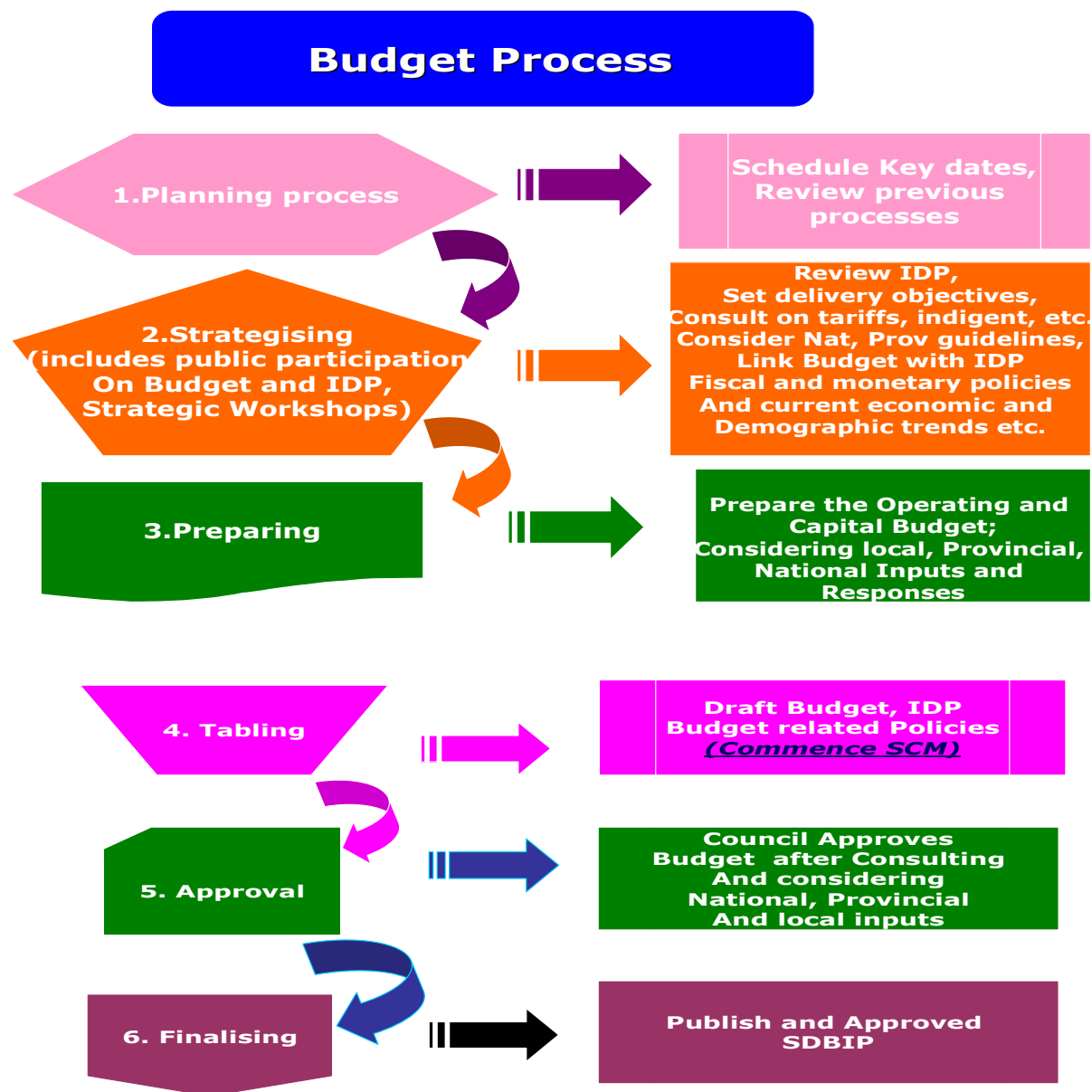
Planning Process used to prepare the Annual Draft Budget

Section 21 of the Municipal Finance Management Act, 56 of 2003, requires the mayor of a municipality to co-ordinate the process for preparing the budget and to review the Integrated Development Plan (IDP) and Budget Related Policies. A Budget Steering Committee must be established to assist in discharging the Mayor's budget preparation responsibilities

A Time Schedule outlining important dates and deadlines as prescribed for the IDP/Budget Process; Section 21 (1) (b) was approved by council on 11 August 2011.

The Budget process for the 2012/2013 MTREF period started and will proceed according to the following timeline:

Phase	Activity	Date
Planning	Tabling of Draft IDP/Budget Process Plan for Council approval	11 August 2011
	Strategic Workshop with councillors and Management.	9-11 August 2011
Public Participation	Ward committees and Town advisory forums together with town manager to conduct ward/town analysis and prioritize and draft Ward/town IDP's incorporating strategic planning outcomes.	26 September - 10 November
	Town Mangers and Ward Committees present outcomes of Draft IDP to the communities.	31 October to 16 November 2011
Prioritization	Town Mangers and Ward Committees reprioritize ward IDP's incorporating public input.	14-21 November 2011
	Prioritization-Council IDP Workshop	30 November 2011
	Budget workshop- aligning IDP with Budget	29 February 2012
Alignment	(1) IDP Indaba (2) Session for Councillors & Management	7 September 2011 8 December 2011
Tabling	Table Draft IDP and Capital and Operating Budgets at Council in terms of Section 16(2) of the MFMA	29 March 2012
Public Participation	Report Back to ward committees/TAF regarding draft IDP and Capital and Operating Budget.	11 - 19 April 2012
	Closing Date for Comments	30 April 2012
	Advertise Draft IDP and Budget for public input/comments	3 to 30 April 2012
Adoption	Approval of IDP and Budget by Council	24 May 2012
Finalizing	Advertise Approved Budget, IDP and Tariffs.	5 June 2012



The process started with the approval of a Time Schedule, ten months before the start of the new Financial year in accordance with Section 21(1) (b) of the MFMA. The Key Deadlines for the process to review the IDP, Budget Related Policies and prepare, table and approve the Annual Budget were approved by Council on 11 August 2011. The key deadlines outlined included the deadline for the consultative process as referred to in Chapter 4 of the MSA.

The next step in the Budget Process was Strategizing. A Strategic Planning Workshop of Councillors and Senior Management were conducted on 09 – 11 August 2011 to decide on the Strategic direction of the Council which inform the IDP. The Council unanimously adopted the ***Financial Sustainability Strategy***.

The IDP was then reviewed through processes, mechanisms, and procedures that allow the local community to participate and be consulted on its Development needs and priorities. The Public Participation meetings were held during October 2011 and facilitated by TWK officials, in order to include in the Integrated Development Plan. During public participation sessions of the

IDP, Budget as well as Ward Meetings the Municipality heeded particular attention to informing the community of the needed Service upgrading and or improvement which influenced and enabled the council to take informed decisions when the Annual Budget was prioritized. The purpose of the consultations was to engage and agree with community stakeholders on community needs, setting uniform, realistic, reasonable, and affordable Service levels and appropriate tariffs for the delivery of Municipal Services to the communities. An IDP Workshop was held for Councillors and Senior Management on 8th December 2011.

After the Strategizing Phase and Compiling of the IDP a Draft Operating Budget and Capital Budget was prepared, informed and reconciled with the IDP and reflect the Developmental Needs of the Community. The 2011/2012 Mid-year Assessment Report was presented to Council on 25 January 2012 and followed by the Adjustment Budget and a Budget Workshop to discuss the Draft Budget for 2012/13 on 29 February 2012.

In preparing the Budget the following were taken into account:

- The Integrated Development Plan (IDP)
- Revenue and Expenditure Projections for future Financial years
- The (Draft) National and Provincial Strategic Objectives
- Division of Revenue Act (DORA) (The previous year's two outer years' indicative amounts)
- Realistically Anticipated Revenue
- Affordability and sustainability of Tariffs
- Level of Service and Cost-Recovery
- Financial Sustainability Strategy

On 29 February 2012 a Council Budget Workshop was held to discuss the Draft Budget and afterwards feedback is given to certain Departments to revise their Budget accordingly.

Process Followed

- The Draft Budget was tabled in Council on 29 March 2012.
- Public Consultation (Ward Committee / TAF) held during April 2012.
- CD available at all offices + provided to all Ward Committee members.
- "Citizens' Budget" Brochure issued in 3 official languages.
- The Draft Budget was advertised for comments until 30 April 2012.
- The Provincial LG MTEC deliberation was held on 7 May 2012.
- The final operational and Capital reviews, tariff reviews, policy reviews and a review of comments were held during April/May 2012 before the final compilation and completion of the 2012/13 Budget.

IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its Planning, Budget, Management and Development Actions. This framework is rolled out into Objectives, Key Performance Indicators and Targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan included the following key IDP goals:

- Manage Expectations down to a realist, affordable and reasonable level
- Optimisation of management capacity
- Longer Term Planning
- Improve Service Levels
- Financial Viability
- Financial Sustainability
- LED.

The IDP has been taken into a business and Financial Planning Process leading up to the 2012/13 MTREF, based on the approved 2011/12 MTREF, Mid-year Review and Adjustments Budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting Revenue projections. Business planning links back to priority needs and master planning, and essentially informed the detail Operating Budget appropriations and three-year Capital Programme.

7. Overview of Alignment of Annual Budget with IDP

An IDP is used as a method to plan for future developments in the areas and to find the best solutions to achieve long-term development goals. Municipal IDP provides a five year Strategic Programme of action aimed at setting short, medium and long-term strategic and Budget priorities to create a development platform, which correlates with the term of office of the political incumbents.

The plan aligns the resources and the capacity of a Municipality to its overall development aims and guides the Municipal Budget. The Budget must be aligned to the IDP and be responsive.

An IDP is therefore a key instrument which Municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a Municipal area. The IDP enables Municipalities to make the best use of scarce resources and speed up Service delivery. It is important that the IDP developed by Municipalities correlate with National and Provincial intent.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of National and Provincial importance. One of the key objectives is therefore to ensure that there exists alignment between National and Provincial priorities, policies and strategies

It is considered that a well-run Budget process that incorporates the IDP will facilitate community input, encourage discussion, promote a better understanding of community needs, provide an opportunity for feedback, and improve accountability, transparency, and responsiveness to the needs of the local communities.

Vision of Theewaterskloof Municipality

To ensure and preserve the heritage and natural resources within the region, create and develop a safe, healthy, crime free, economically stable and viable environment for all.

Mission of Theewaterskloof Municipality

“To provide, develop and promote equal opportunities for everyone to stay in a safe, healthy, crime free, economically stable and viable environment through transparent and effective governance, politically stable, planning, Services and the efficient and effective utilisation of resources”

STRATEGIC FOCUS AREAS

The Constitution requires local Government to relate its management, Budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of Municipal integrated development planning. The Municipality opted to focus on five strategic areas which would result in it **overcoming its challenges and achieving its vision**

THEME	NATIONAL KPI	STRATEGIC FOCUS AREAS	STRATEGIC OBJECTIVES	DEPARTMENTAL OBJECTIVES (PDO)
Financial Sustainability	BASIC SERVICE DELIVERY	Infrastructure & Bulk Upgrades and Expansions	To ensure effective infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk Services backlogs, make provision for developmental strategies and ensure sustainability in the process	<p>Obtain approval from council for a three year infrastructure and basic Services upgrade, expansion and replacement program which address:</p> <ul style="list-style-type: none"> • Ageing infrastructure • Population growth • LED Developmental strategies • Improved accessibility to basic Services of all communities
			To address the housing demand within the Theewaterskloof Area	<p>Obtain approval from council for a three year housing program that interalia takes the following into consideration:</p> <ul style="list-style-type: none"> • Current backlogs • The migration phenomenon • Capacity of the Municipality to address the impact of infrastructure and basic Services capacity • The plight of the farm worker
			Conserve the Municipality's Natural Resources	<ul style="list-style-type: none"> • Mitigate the risk of potential disasters (flooding/fires) • Conserve the natural environment and improve the quality of our living environment
		Service Delivery	Achieve day to day Service delivery standards in towns as per agreements with local communities and per corporate	<ul style="list-style-type: none"> • Review the need for current or new SLA's with the respective communities • Achieve at least a satisfactory rating in respect of all such reviewed SLA'

THEME	NATIONAL KPI	STRATEGIC FOCUS AREAS	STRATEGIC OBJECTIVES	DEPARTMENTAL OBJECTIVES (PDO)
			requirements	
			Establish a healthy, safe and secure “social fabric”	<ul style="list-style-type: none"> • Improve law enforcement and Traffic policing from a current undesired to the defined desired standard. • Facilitate the establishment of partnerships that will result in the improved social conditions of certain communities • Implement youth development programs
	FINANCIAL VIABILITY	Financial Viability Improvement	Improve the Financial sustainability of the Municipality	<ul style="list-style-type: none"> • Improve the Financial Sustainability of the Municipality as per the objectives adopted by the Financial sustainability steering committee • <u>Debt Collection</u> and reducing unrecoverable Debt • <u>Land Disposal Strategy</u> “making our Assets Sweat for us” (must address land Audit, Commonage other developments in Caledon Current Developments must be expedited, Meeting with Government sectors to streamline developments and cutting red tape) • <u>Productivity improvement</u> and reducing input costs (sharing smaller property work with Operations) • <u>Registration of Cost Saving Projects</u> (ABC is critical) • <u>Alternative sources of Revenue/tariff structure</u> (Sin taxes, auctioning of scrap, etc.) • <u>Investor-friendliness</u> • <u>Secondary processing</u> and fully utilizing opportunities • <u>(Business Climate Assessment</u> (what are the stumbling blocks to local businesses/external business sector, Targeting marketing and talking to Cape Town. Money scouting and branding the Municipality as a

THEME	NATIONAL KPI	STRATEGIC FOCUS AREAS	STRATEGIC OBJECTIVES	DEPARTMENTAL OBJECTIVES (PDO)
				<p>keen and able partner, SMME and Tourism)</p> <ul style="list-style-type: none"> Address the Financial sustainability threat faced by the Municipality
	LED	Local economic development	Establish an investor and developer institutional friendly environment within the Municipality	<ul style="list-style-type: none"> Obtain approval from the Financial sustainability steering committee for a project plan intended to create an investor and developer friendly Municipality
	GOOD GOVERNANCE	Good governance	Improve the auditing status of the Municipality	<ul style="list-style-type: none"> Introduce and implement and action plan with the aim of obtaining a clean audit report
	MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	Institutional Productivity	Refine and improve the institutional capacity of the Municipality	<ul style="list-style-type: none"> Launch a productivity improvement plan used on the outcome of a productivity assessment

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year Programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five strategic objectives mentioned above.

The 2012/13 MTREF has therefore been directly informed by the IDP revision process and the following tables provide reconciliation between the IDP strategic objectives and Operating Revenue, Operating Expenditure and Capital Expenditure.

Reconciliation between the IDP Strategic Objectives and Budgeted Revenue (Table SA4)

Strategic Objective	Goal	Goal Code	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
Municipal transformation and organisational development	Executive and Council: Directorate: Corporate Services		964	1,300	1,200	1,200	1,200	1,200	800	900	950
Municipal Financial Viability and Management	Executive and Council: Council General Expenditure Finance and Admin: Information Technology, Financial Services, Property Rates, Internal Audit		79,056	77,844	82,561	83,928	87,067	87,067	95,172	100,932	106,707
Promotion of Tourism and Local Economic Development	Local Economic Development and Development Administration Town Planning Property Management Building Control Public Safety		12,142	6,516	5,477	6,837	7,810	7,810	7,465	8,282	8,909
Good Governance and Public Participation	Executive and Council: Directorate: Corporate Services Executive and Council: Council General Expenditure Human Resources IDP Office		14,174	16,144	2,685	2,243	2,782	2,782	4,223	4,563	4,855
Basic Services Delivery and Infrastructure Development	Director: Operational Services Land and Buildings (Property Services) Waste Management (Refuse Removal) Sewerage Road Transport Water Electricity Housing		130,712	171,064	190,991	206,131	210,215	210,215	245,547	257,648	280,565
Human Development	Social Services: Council General Expenditure IDP Office - Partnership Development Community and Social Services Sport & Recreation		4,318	947	1,136	1,189	4,615	4,615	6,304	431	459
Allocations to other priorities											
Total Revenue (excluding capital transfers and contributions)			241,366	273,815	284,050	301,528	313,691	313,691	359,511	372,756	402,443

Reconciliation between the IDP Strategic Objectives and Budgeted Operating Expenditure (Table SA5)

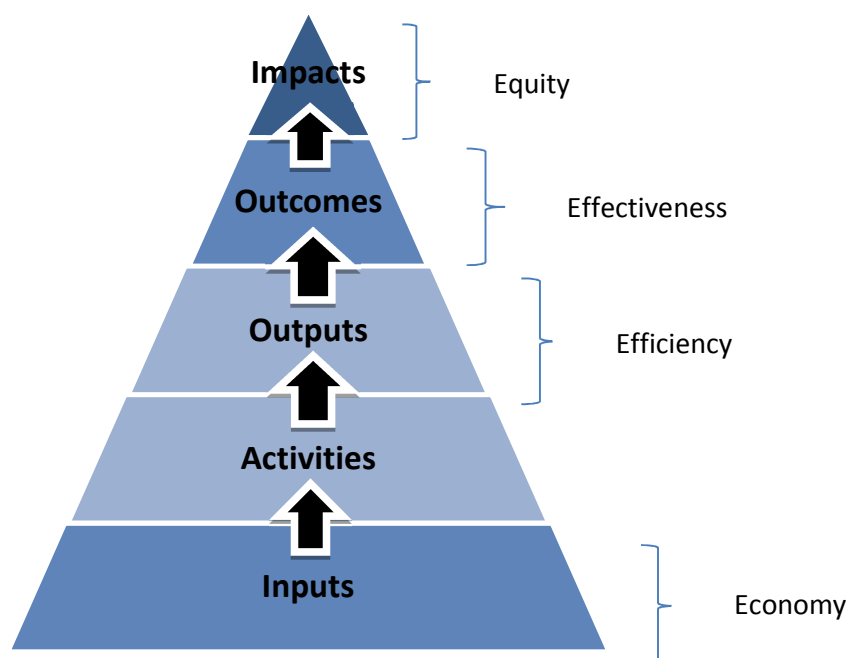
Strategic Objective	Goal	Goal Code	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
Municipal transformation and organisational development	Executive and Council: Directorate: Corporate Services		964	3	1,200	1,200	1,200	1,200	800	900	950
Municipal Financial Viability and Management	Executive and Council: Council General Expenditure Finance and Admin: Information Technology , Financial Services, Property Rates, internal Audit		26,013	21,249	23,795	24,571	26,067	26,067	28,905	30,896	32,983
Promotion of Tourism and Local Economic Development	Local Economic Development and Development Administration Town Planning Property Management Building Control Public Safety		15,871	16,638	17,427	17,836	19,445	19,445	16,670	17,886	19,194
Good Governance and Public Participation	Executive and Council: Directorate: Corporate Services Executive and Council: Council General Expenditure Human Resources IDP Office		32,322	35,399	40,481	42,255	44,660	44,660	46,878	47,004	50,441
Basic Services Delivery and Infrastructure Development	Director: Operational Services Land and Buildings (Property Services) Waste Management (Refuse Removal) Sewerage Road Transport Water Electricity Housing		125,245	162,927	151,315	145,227	152,653	152,653	179,781	202,588	230,305
Human Development	Social Services: Council General Expenditure IDP Office - Partnership Development Community and Social Services Sport & Recreation		16,506	10,794	8,249	9,429	9,021	9,021	10,178	10,807	11,642
Allocations to other priorities											
Total Expenditure			216,921	247,009	242,467	240,518	253,046	253,046	283,213	310,081	345,516

8. Measurable Performance Objectives and Indicators

Performance Management is a system intended to manage and monitor Service delivery progress against the identified strategic objectives and priorities. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

Performance information needs to be structured to demonstrate clearly how the Municipality uses available resources to deliver on its strategic objectives.

In managing for results, Budgets are developed in relation to inputs, activities and outputs, while the aim is to manage towards achieving the outcomes and impacts. The image below illustrates the relationship between these core performance information concepts.



Economy indicators: explore whether specific inputs are acquired at the lowest cost and at the right time.

Efficiency Indicators: explore how productively inputs are translated into outputs. An efficient operation maximises the level of output for a given set of inputs, or it minimises the inputs required to produce a given level of output.

Effectiveness Indicators: explore the extent to which the outputs of an institution achieve the desired outcomes. An effectiveness indicator assumes a model of how inputs and outputs relate to the achievement of an institution's strategic objectives and goals.

Equity Indicators: explore whether Services are being provided impartially, fairly and equitably. Equity indicators reflect the extent to which an institution has achieved and been able to maintain an equitable supply of comparable outputs across demographic groups, regions, urban and rural areas, and so on.

The following table sets out the Municipalities main performance objectives and benchmarks for the 2012/13 MTREF.

Key Financial Indicators and Ratios (Table SA8)

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Borrowing Management</u>										
Credit Rating				B						
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	5.1%	6.2%	6.8%	9.2%	8.4%	8.4%	8.5%	7.6%	6.8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	6.0%	8.5%	9.1%	11.7%	11.2%	11.2%	10.9%	9.4%	8.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	93.6%	0.3%	162.7%	76.2%	63.3%	63.3%	74.1%	100.0%	91.6%
<u>Safety of Capital</u>										
Gearing	Long Term Borrowing/ Funds & Reserves	11119.4%	254828.5%	894.2%	314215.3%	887.6%	887.6%	589.5%	633.2%	657.8%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	1.1	0.7	1.2	0.6	1.0	1.0	1.0	0.9	0.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.1	0.7	(1.0)	(1.5)	(1.1)	(1.1)	(0.8)	(0.7)	(0.6)
Liquidity Ratio	Monetary Assets/Current Liabilities	0.6	0.2	0.5	0.1	0.4	0.4	0.3	0.3	0.2
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		105.5%	124.6%	88.8%	113.9%	114.5%	0.0%	90.6%	100.4%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			105.5%	124.6%	88.8%	113.9%	114.5%	0.0%	90.6%	100.4%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	10.7%	12.8%	12.2%	11.1%	13.2%	13.2%	13.3%	12.9%	11.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old									
<u>Creditors Management</u>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		59.3%	210.2%	93.6%	1541.5%	141.1%	141.1%	161.1%	174.9%	223.5%
<u>Other Indicators</u>										
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	8.2%	8.2%	8.2%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source	16.6%	15.5%	8.9%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	31.8%	37.3%	41.1%	41.6%	38.6%	38.6%	37.3%	37.4%	36.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	34.3%	39.8%	44.4%	44.4%	41.4%	41.4%	39.9%	40.0%	39.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	6.6%	8.0%	6.1%	7.2%	6.0%	6.0%	5.6%	5.3%	5.1%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	12.1%	13.9%	9.2%	15.5%	9.7%	9.7%	10.0%	9.5%	8.7%
<u>IDP regulation financial viability indicators</u>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	12.7	14.7	11.7	11.6	11.6	11.6	13.5	15.5	17.1
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	17.7%	20.6%	18.5%	16.1%	21.2%	21.2%	20.8%	19.0%	16.7%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	2.1	0.5	1.3	0.1	1.0	1.0	1.0	1.0	0.8

Performance Indicators and Benchmarks

Borrowing Management

Capital Expenditure in local Government can be funded by Capital grants, own-source Revenue and long term borrowing. The ability of a Municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other Municipalities, Theewaterskloof Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The Municipality's debt portfolio is consisting out of annuity loans. The following Financial performance indicators have formed part of the compilation of the 2012/13 MTREF:

Borrowing to Asset Ratio is a measure of the long-term borrowing as a % of the total asset base of the Municipality.

- *Capital Charges to Operating Expenditure* is a measure of the cost of borrowing in relation to the Operating Expenditure. It can be seen that the cost of borrowing has increased from 5.1% in 2008/09 to 8.5 % in 2012/13. This increase can be attributed to the raising of loans to fund portions of the Capital Programme. While borrowing is considered a prudent financial instrument in financing Capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality is approaching its prudential borrowing limits.
- *Borrowing Funding of Own Capital Expenditure* measures the degree to which own Capital Expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 88.6%.

In summary, various Financial Risks could have a negative impact on the future borrowing capacity of the Municipality. In particular, the continued ability of the Municipality to meet its Revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt Service costs.

Safety of Capital

- *The Debt-To-Equity Ratio* is a Financial Ratio indicating the relative proportion of equity and debt used in financing the Municipality's Assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a % of funds and reserves.

During the 2012/13 financial year the ratio level is 589.5%. The ratio continues to improve to 633.2% in the 2013/14 financial year to 657.8% in 2014/15.

- *The Gearing Ratio* is a measure of the total long term borrowings over funds and reserves. Lower figures are more acceptable, showing that the company is predominantly financed by equity whilst high gearing shows an over reliance on borrowings for a significant proportion of the Municipality's Capital requirements.

Liquidity

- *Current Ratio* is a measure of the current Assets divided by the current liabilities and the benchmark would normally be set at a limit of 1, hence at no point in time should this ratio be less than 1. For the 2011/12 MTREF the current ratio is 1 in the 2011/12 financial year and 1 for 2012/2013 and 0.9 and 0.8 respectively for the MTREF years. Going forward

it will be necessary to increase these levels to allow the Municipality to be able to pay its liabilities when it all becomes due immediately.

- *The Liquidity Ratio* is a measure of the ability of the Municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the Municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a Liquidity Ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2011/12 financial year the ratio was 0.4 and has decline to 0.3 in the 2012/13 financial year.

The Current Ratio for 2009/10, 2010/11, Projected 2011/12 and Budgeted for 2012/13 is 0.7, 1.2, 1.0 and 1.0 respectively.

Revenue Management

As part of the Financial Sustainability Strategy, initiatives have been implemented to increase Cash Inflow such as Prepaid Water and Electricity Meters for all. The intention of the strategy is to streamline the Revenue Value Chain by ensuring Accurate Billing, Customer Service, Credit Control and Debt Collection.

Creditors Management

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. The Municipality has managed to ensure a 100 % compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

Other Indicators

- The Electricity Distribution Losses have been consistent at +/- 8.0%. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity, including prepaid meters.
- The Water Distribution Losses in 2010/2011 were 9%. The future targets are set at 9 %. Initiatives such as free water leakage repair for indigent and prepaid water meters will assist in this regards.
- Employee- related Costs as a % of Operating Revenue decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase Revenue levels, as well as increased allocation relating to Operating Grants and Transfers.

Free Basic Services: Basic Social Services package for Indigent Households

The social package assists residents that have difficulty paying for Services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered Indigents qualify for the Free Basic Services.

For the 2012/13 Financial year 8 000 registered Indigents have been provided for in the Budget. In terms of the Municipality's indigent policy registered households are entitled to

6kl Free Water, 70 kwh of Electricity, free Sanitation to the value of R99.00 and free Waste Removal equivalent to R99.80, as well as a discount on their Property Rates.

Further detail relating to the number of households receiving Free Basic Services, the cost of Free Basic Services, highest level of free basic Services as well as the Revenue cost associated with the free basic Services is contained in Table A10 (Basic Service Delivery Measurement)

Note that the number of households in informal areas that receive free Services and the cost of these Services (e.g. the provision of water through stand pipes, water tankers, etc.) are taken into account in the table noted above.

Providing Clean Water and Managing Waste Water

Drinking Water Quality and Waste Water Management

There are eight towns each with its own water and waste water treatment facility that falls under the management of the Theewaterskloof Municipality Authority except, for Caledon. The latter receives water from a Service provider, Overberg Water.

The **Blue & Green Drop Assessment 2011** showed significant improvement in comparison to the **Blue & Green Drop Assessment 2010**

<u>Blue Drop Assessment</u>	<u>2010</u>	<u>2011</u>
Genadendal WTW	35.94%	75.33%
Greyton WTW	35.94%	79.58%

Note: For 2011 Blue Drop Assessment Bosmanskloof contribute to the Greyton score

Genadendal Voorstede WTW	30.94%	52.31%
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Note: For the 2011 Blue Drop Assessment Voorstekraal & Bereaville

Grabouw	50%	64.10%
Riviersonderend	50%	67.52%
Botrivier	50%	76.39%
Villierdorp	50%	58.90%
Caledon	50%	88.86%
Tesselaarsdal	50%	76.36%

An overall score of **30%** were generated during the 2010 **Green Drop Assessment**

The 2011 Green Drop Assessment outcome was as followed

Greyton	58.0%
Botrivier	58.3%
Riviersonderend	52.0%
Grabouw	68.3%
Genadedal	58.7%
Villierdorp	61.2%
Caledon	68.0%

Assessment Outcome

The Water Safety Plan submitted was found promising but with various elements still to be included. Urgent intervention and planning requires managing risks associated with Service delivery to continuously secure the supply of safe drinking water.

The Municipality should invest in training of staff. Compilation of Wastewater Risk Abatement Plan to ensure proper failure management protocol in order to reduce wastewater related risks.

Risk Management

- Training of Process Controllers is in progress.
- Drafting of a proper Water Safety Plan (WSP) and Wastewater Risk Abatement Plan (W2RAP)
- Upgrading of treatment plants that are over capacity is also in progress

Grabouw Wastewater Treatment Works: Consultant on site.

Villiersdorp Wastewater Treatment Works: Consultant appointed.

Caledon Wastewater Treatment Works: Environmental Impact Assessment is approved.

9. Overview of Budget Assumptions

The Challenge of the International, National and Local Economy is limited Resources versus unlimited needs. Theewaterskloof Municipality is no exception as the unlimited needs of the community as outlined in the IDP are far more than the limited Revenue and resource capacity of the Municipality. This is largely the reason for adopting Financial Viability as one of our long-term themes defined as improved sustainable Revenue capacity versus sound financial resource management.

It is important to highlight the following assumptions:

1. Salaries & Councillors' Remuneration

Salaries, Allowances & Benefits (Political Office Bearers, Councillors/Senior Managers)(Table SA23)

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.				2.
Councillors							
Speaker	1	392,837		151,121			543,958
Chief Whip							-
Executive Mayor	1	491,045		183,857			674,902
Deputy Executive Mayor	1	392,837		151,121			543,958
Executive Committee	5	1,841,424		714,681			2,556,105
Total for all other councillors	17	2,504,311		1,048,752			3,553,063
Total Councillors	25	5,622,454	-	2,249,532			7,871,986
Senior Managers of the Municipality							
Municipal Manager (MM)	1	1,049,799	221,513	161,641	87,483		1,520,436
Chief Finance Officer	1	920,753	168,787	177,600	76,729		1,343,869
Director Operational Services	1	705,411	154,516	90,028	58,784		1,008,740
Director Technical Services	1	935,350	192,459	126,000	77,946		1,331,755
Director Development Services	1	758,277	178,878	123,601	63,190		1,123,945
Director Corporate Services	1	853,728	156,722	60,000	71,144		1,141,594
List of each official with packages >= senior manager							-
							-
							-
Total Senior Managers of the Municipality	6	5,223,317	1,072,875	738,870	435,276		7,470,339
A Heading for Each Entity							
List each member of board by designation							-
							-
Total for municipal entities	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	31	10,845,771	1,072,875	2,988,402	435,276		15,342,325

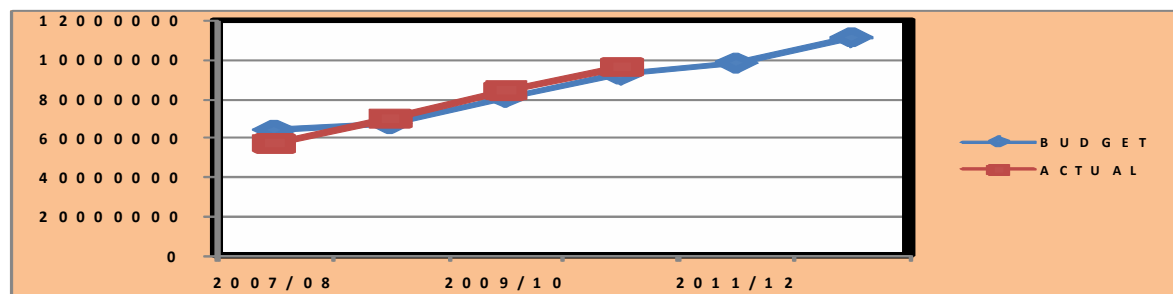
Summary of Personnel Numbers (Table SA24)

Summary of Personnel Numbers	2010/11			Current Year 2011/12			Budget Year 2012/13		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	23	–	–	23	–	–	25	–	–
Board Members of municipal entities	–	–	–	–	–	–	–	–	–
Municipal employees									
Municipal Manager and Senior Managers	6	–	6	6	–	6	6	–	6
Other Managers	21	20	1	21	20	1	21	20	1
Professionals	137	127	10	137	137	–	142	139	1
Finance	6	6	–	6	6	–	7	6	–
Spatial/town planning	6	6	–	6	6	–	7	6	–
Information Technology	2	2	–	2	2	–	3	2	1
Roads	26	26	–	26	26	–	26	26	–
Electricity	11	11	–	11	11	–	13	13	–
Water	41	34	7	41	41	–	41	41	–
Sanitation	14	11	3	14	14	–	14	14	–
Refuse	8	8	–	8	8	–	8	8	–
Other	23	23	–	23	23	–	23	23	–
Technicians	88	88	–	86	87	1	88	88	–
Finance	31	31	–	31	31	–	31	31	–
Spatial/town planning	–	–	–	–	–	–	–	–	–
Information Technology	–	–	–	–	–	–	–	–	–
Roads	16	16	–	16	16	–	16	16	–
Electricity	–	–	–	–	–	–	–	–	–
Water	–	–	–	–	–	–	–	–	–
Sanitation	–	–	–	–	–	–	–	–	–
Refuse	–	–	–	–	–	–	–	–	–
Other	41	41	–	39	40	1	41	41	–
Clerks (Clerical and administrative)	44	44	–	44	44	–	44	44	–
Service and sales workers	53	53	–	79	56	23	79	56	23
Skilled agricultural and fishery workers	3	3	–	3	3	–	3	3	–
Craft and related trades	–	–	–	–	–	–	–	–	–
Plant and Machine Operators	36	36	–	36	36	–	36	36	–
Elementary Occupations	149	149	–	163	163	–	163	163	–
TOTAL PERSONNEL NUMBERS	560	520	17	598	546	31	607	549	31
% increase				6.8%	5.0%	82.4%	1.5%	0.5%	–
Total municipal employees headcount									
Finance personnel headcount	33	33	–	37	37	–	37	37	–
Human Resources personnel headcount	4	4	–	5	5	–	5	5	–

1.1. Employee Related Costs

Salary Increase is budgeted at 9.06% (7% Cost of Living Increase + 2.06% for the Notch Increases).

2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
63,917	68,968	82,438	94,714	102,027	111,274



1.2. Councillors' Remuneration:

7% increase budgeted. The cost associated with the Remuneration of Councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation has been taken into account in compiling the Budget.

2. Loans:

We are reaching our capacity to take up loans. Since 2006/07 almost R120 million Loans have been taken up. As at 2010/2011 Outstanding Loans amount to R102 million and R21 million is being secured in 2011/12 which will increase loans to approximately R120 million.

It is recommended that R11.275 million Loans be taken up in 2012/2013 in respect of inter alia R1 million is for **Prepaid Water Meters** and R3 million for **Prepaid Electricity Meters**.

It should be noted that a further R1 million is on the Budget for Roll-over in case funds are not spent in 2011/2012. An amount of R2 million has been transferred in the 2011/2012 Adjustment Budget from Electricity Prepaid Meters to Water Prepaid Meters. These are on-going projects and crucial to Financial sustainability.

In 2011/12 an amount of R162 million (61%) is derived from Assessment Rates and Service and Total Operating Revenue is R264, 371 million as opposed to R187,844 Rates + Services Revenue to total Revenue of R298,655 (63% in 2012/13)

3. Financial Modelling and Key Planning Drivers

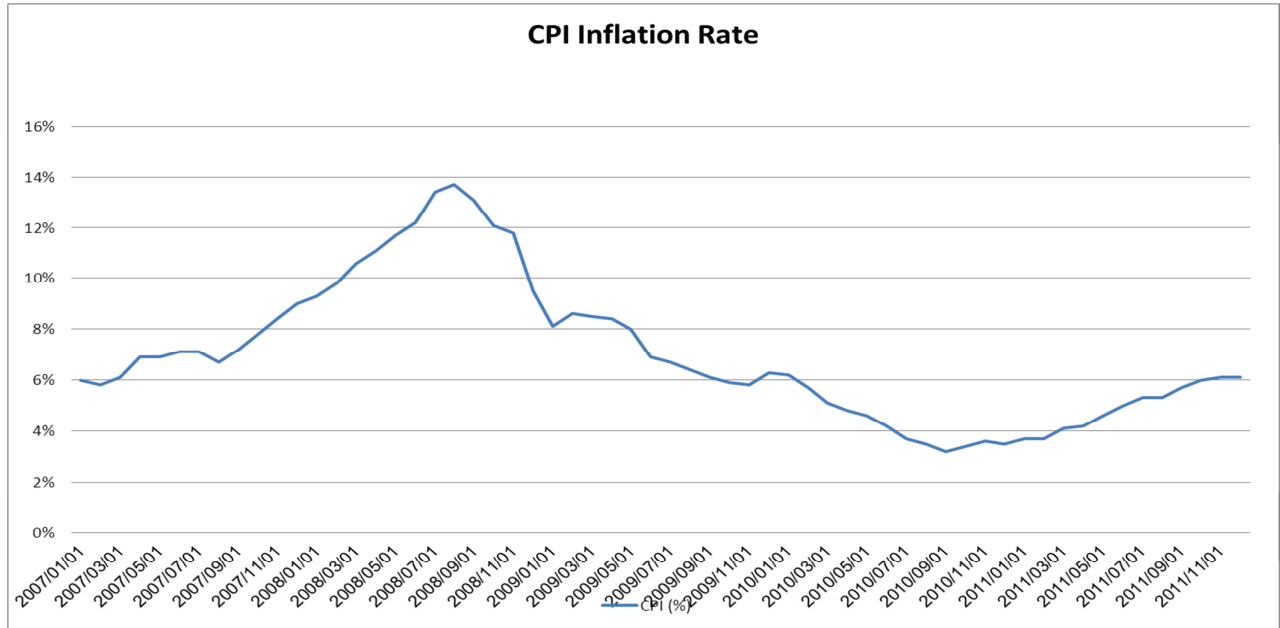
As part of the compilation of the 2012/13 MTREF, extensive Financial Modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors, such as Demographics, Socio-Economic and Financial Factors and Principles and planning strategies have informed the compilation of the 2012/13 MTREF:

- CPI
- Interest Rates
- Fuel Price
- Economic Growth
- Economic Recession/ Job Losses
- Councillors' and Officials' Remuneration
- Debt Collection Rate
- Tariff Adjustment
- Indigent Increase
- Informal Settlement Control
- Migration/ Population Increase
- Equitable Share
- Bulk Purchase Tariff Increase

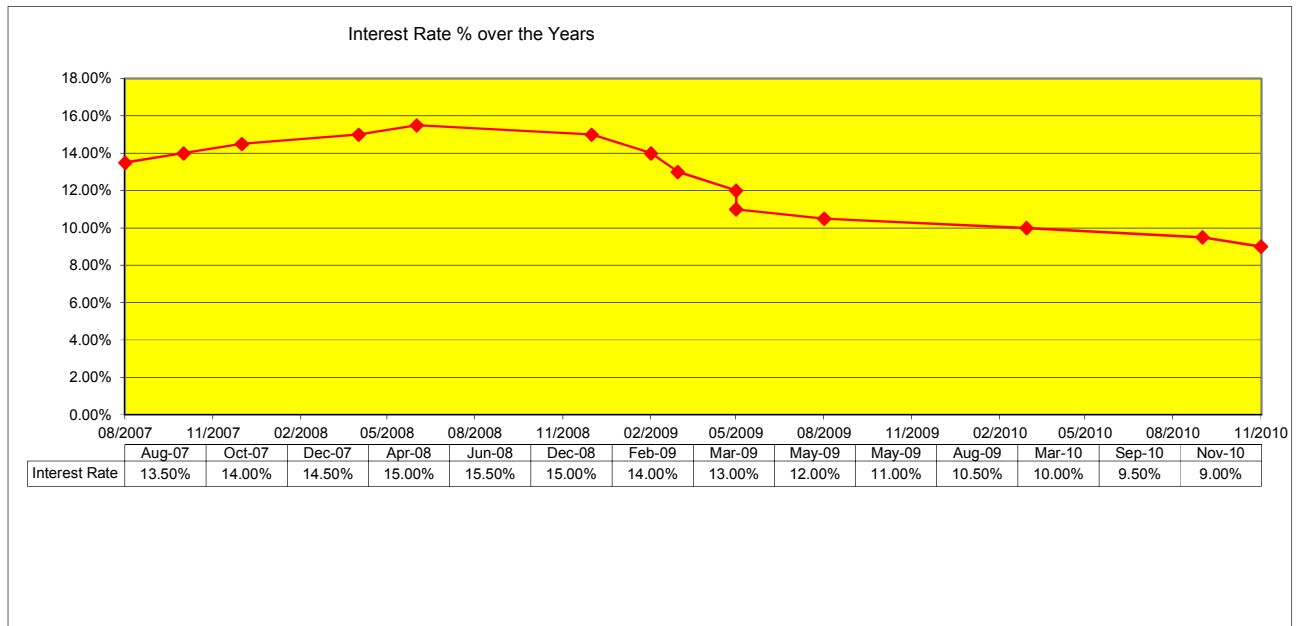
In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54, 55 and 58 has been taken into consideration in the planning and prioritisation process.

Consumer Price Index (CPI)

Inflation (CPI): On Average 4.87% for the year ended 01.12.2011



Interest Rates

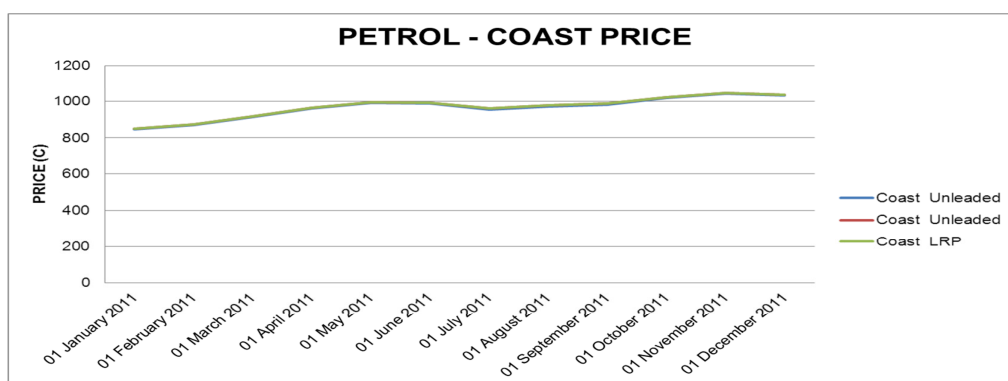


The Prime Interest Rate has declined since December 2008 from 15% to 9% currently.

Fuel Price

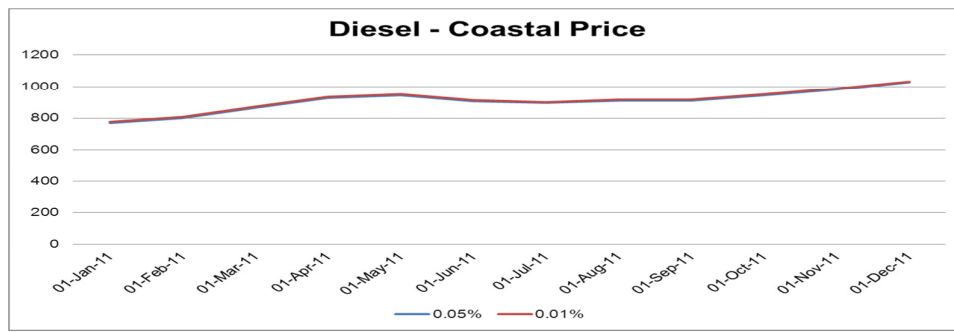
Total Increase 22% from 05 Jan 2011 to 07 Dec 2012

Petrol	Coast		
	Unleaded		LRP
	93	95	95
05-Jan-11	846	849	849
02-Feb-11	872	875	875
02-Mar-11	915	918	918
06-Apr-11	963	966	966
04-May-11	992	995	995
01-Jun-11	990	993	993
06-Jul-11	957	962	962
03-Aug-11	974	979	979
07-Sep-11	983	988	988
05-Oct-11	1,020	1,024	1,024
02-Nov-11	1,043	1,047	1,047
07-Dec-11	1,032	1,036	1,036



Increase of 34% from 05 Jan 2011 to 7 Dec 2011

Diesel	Coast	
	New	
	0.05%	0.01%
05-Jan-11	770	776
02-Feb-11	800	808
02-Mar-11	864	871
06-Apr-11	928	933
04-May-11	944	949
01-Jun-11	906	912
06-Jul-11	895	900
03-Aug-11	910	915
07-Sep-11	910	915
05-Oct-11	945	952
02-Nov-11	981	988
07-Dec-11	1028	1033



Economic Growth

The prevailing political uncertainty and Government debt crisis especially in Europe will no doubt impact on the global economic outlook, as can be seen by the oil price breaking the \$125/barrel level.

Economic Recession/Job Losses

The current growth rates are also insufficient to make significant inroads into the unemployment rate which increased from 21,9% in the fourth quarter of 2008 to 25,3% by the third quarter of 2010. This underlines the need to generate higher levels of growth. However, as much of South Africa's unemployment problem is structural in nature, it needs to be addressed through structural microeconomic interventions, and the new growth path, as outlined by Government, goes some way in this direction.

TWK has supported this initiative by utilizing the Expended Public Works Program (EPWP). There are also plans to levy Parking Fees in all the major towns of TWK, which will also be a new stream of Revenue for TWK as well as creating a few jobs in the area.

4. Tariffs & Revenue Projections:

Tariffs must be cost-reflective as far as possible because any subsidisation places a burden on another group of consumers.

Tariff Adjustment

With the establishment of the Costing Unit, we have commenced with Tariff Modelling with the P3 Partnership and Tariff Re-engineering, a "zero-base" approach to improve on tariff setting, ensuring that the principles of benefit-received, cost of Service and cost-recovery, affordability and sustainability is really taken into consideration.

Along with the Debtors' Data Cleansing Project and closer liaison between all directorates, this has already yielded significant positive results, and up to April R4 million per annum undercharges detected and corrected.

We embarked on a vigorous process of Tariff Re-engineering for the 2011/2012 Budget and this has continued with the 2012/2013 Budget year

A Briefing- Session was conducted by CFO on 02 February 2012 and a full day One-on-One Sessions were held with Directors Operations, Development and Technical Services and Town Managers on 16 February 2012.

These engagements were dedicated to tariffs and the process of rationalization of Services, identification of various categories of consumers, the level of Services rendered/demanded and the levying of appropriate cost-recovery tariffs.

Costing of Service has started where deficits were registered e.g. Garden Refuse Services, Lei Water and Sewer Tanker Services.

Additional Income Sources were identified e.g. Raw Water Tariffs, Tariffs for standpipes etc.

Tariff Re-engineering runs parallel with Debtors Data Cleansing which objective it is to ensure that all consumers and fixed property owners are levied all the appropriate Municipal Services and Assessment Rates charges.

Two towns have been completed and significant losses/under-recovered Revenue was detected.

Pillars of Tariff Re-engineering

- Each Directorate was tasked to describe the Services rendered, the level and frequency of such Services rendered per customer type and identify the tariffs of all Services for which they are responsible. Appropriate cost-recovery tariffs were calculated. Not all charges for Services rendered reflect full cost recovery.
- Services rendered by the Departments vary and the functions and some activities were not necessarily correctly set out/described in the Tariff Policy and Tariffs.
- Tariffs for which Departments are responsible must be kept “clean” and current / updated. The type, pricing and standard of Services must be stipulated unambiguously in the Tariff Policy.
- There are several Services for which no Tariff and/or Policy exists.
- Revision of Tariffs must take place annually as this can be influenced by Service Level Agreements and the Financial Viability Strategy. Tariffs should also provide a return on investment s, sufficient to allow for expansion or replacements.
- Rationalization of Services was also considered as it is expected to lead to cost-savings and free up resources which would allow the Municipality to focus on other critical Services.
- The Tariff Policy must clearly define the Service and stipulate the tariffs and should not be subjected to different interpretations.

Factors impacting on Tariff Increases

The proposed tariff increases must consider the following:

- Affordability
- Economic Recession, Job Losses
- Councillors Remuneration
- Personnel Cost
- Escalating Fuel Prices
- Economic Indicators (CPI, Interest Rates)
- Escalating Bulk Purchases Prices (Water and Electricity)
- Increasing Indigents
- Electricity Bulk Price Increases (Eskom)
- Repairs and Maintenance

- Willingness and Ability to Pay
- The Level/Standard of Service: the higher the level and standard, the higher the tariffs.
- Benefit Received
- Affordability
- Reputation: Good Governance
- Good Service Delivery also ensures improved willingness to pay
- Recover of Capital and Usage Costs

Deliverables

- The possibilities of Rationalisation of Tariffs (number reduced)
- Tariffs and Tariff Policy simplified for easy understanding and enhanced transparency.
- Service Delivery Cost fully calculated and tariffs should reflect full cost.
- Tariff Setting ensures the Sustainability of Services.
- Tariff Policy must reflect the Financial Strategies.

Tariff Goals

- Revenue Sufficiency
- Affordability of Services
- Promoting local economic development
- Wasteful use of Service discourage
- Rate of return on Assets (in order to ensure allowance is made for the future expansion of infrastructure)

Service	Surplus ('000)	%
Electricity	13,470	32%
Water	16, 219	39%
Waste Water Management	6,885	16%
Waste Management	5,490	13%
Total Surplus for Service Charges	42,065	
Assessment Rates Income	43 766	
Increase in Assessment Rates Tariff if Services are Ring-fenced	96%	

The above means that Consumers are subsidising Ratepayers.

Benchmarking Households based on 2012/2013 Tariffs

Only the Property rates amount differ from table **SA14** due to the property valuation that was used for comparison purposes. See assumptions that were used below each account.

Description	Current Tariff	<u>9.6% Rates Increase</u>	<u>12% Rates Increase</u>	<u>15% Rates Increase</u>
Monthly Account for Household - 'Middle Income Range'				
Rates and services charges:				
Property rates	353.92	388.17	425.43	446.40
Electricity: Basic levy	—			
Electricity: Consumption	—			
Water: Basic levy	61.22	64.89	64.89	64.89
Water: Consumption	176.13	186.70	186.70	186.70
Sanitation	81.53	86.42	86.42	86.42
Refuse removal	81.04	92.52	92.52	92.52
Other	—			
sub-total	753.84	818.71	855.97	876.93
VAT on Services	55.99	60.28	60.28	60.28
Total large household bill:	809.83	878.98	916.25	937.21

References

Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water (Source SA 14 – NT Budget Forms)

Monthly Account for Household - 'Indigent' Household receiving free basic services	Current Tariff	<u>9.6% Rates Increase</u>	<u>12% Rates Increase</u>	<u>15% Rates Increase</u>
Rates and services charges:				
Property rates	129.17	130.41	142.93	149.97
Electricity: Basic levy	—	—	—	—
Electricity: Consumption	307.46	341.37	361.85	383.56
Water: Basic levy	—	—	—	—
Water: Consumption	95.13	100.84	106.89	113.30
Sanitation	—	—	—	—
Refuse removal	—	—	—	—
Other	—			
sub-total	531.75	572.62	611.67	646.83
VAT on Services	56.36	61.91	65.62	69.56
Total small household bill:	588.12	634.52	677.29	716.39

References

Use as basis property value of R 300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free) (Source SA 14 – NT Budget Forms)

Monthly Account for Household - 'Affordable Range'	Current Tariff	<u>9.6% Rates Increase</u>	<u>12% Rates Increase</u>	<u>15% Rates Increase</u>
Rates and services charges:				
Property rates	250.58	252.99	277.28	290.94
Electricity: Basic levy				
Electricity: Consumption				
Water: Basic levy	61.22	64.89	64.89	64.89
Water: Consumption	135.63	143.77	143.77	143.77
Sanitation	81.53	86.42	86.42	86.42
Refuse removal	81.04	92.52	92.52	92.52
Other	—			
sub-total	610.00	640.59	664.88	678.54
VAT on Services	50.32	54.26	54.26	54.26
Total small household bill:	660.32	694.86	719.15	732.81

References

Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water (Source SA 14 – NT Budget Forms)

***Electricity:**

If the Inclining Electricity Block Tariffs are introduced we will suffer a loss of income in the amount of R8 million. The following have been submitted to NERSA:

- D-forms: Due 30 October 2011
- Tariff Application: Due 30 January 2012

Public Hearings will be called and held by NERSA. Confirm whether the Block Tariffs are compulsory and if so, we need to be sensitive to both business as well as the poor and we need to have a balanced approach.

***Alternative Sources of Revenue** were identified.

5. Eskom Bulk Electricity Tariff

Increase is 13.5% and we believe that Eskom has applied for a further increase. This has a serious impact on affordability of Services and a direct impact on collection levels, as confirmed by National Treasury.

6. Bulk Water Tariff:

We have lodged a dispute with SALGA and Treasury on the 9.6% Tariff increase: we are awaiting the outcome

7. Insurance

6% increase in premiums to be based on approved tender @ CPI

8. Levies:

SALGA = 0.8% of Salary, Skills Development Levies. This is a 40% increase + the Salary increase of 9.06%. This accounts for a 56% (2011/12) and 23,5% in 2012/12 increase in monetary value

9. Capital Charges:

Taken into account Capital Charges on 2011/2012 Loans to be taken up (R21,285,121) and the Loans to be taken up for 2012/2013 amounting to R11,5m taken into account for the Capital Charges budget.

10. Auditor General:

Audit Fees for the financial year 2010/11 amounts to R1,954 million and R2,227 in 2010/11an increase of 14%.

11. Risk Management:

Mitigation Resources of Departments budgeted to reduce and or eradicates likelihood and/or impact of Risks Identified and accepted

12. DORA has been gazetted for provincial and national allocations and included in the budget.

13. Other Expenditure

Comparisons with some major line items: 2011/12 Budget, YTD and Projection vs. Prior 2010/11 Budget and Audited Actual. Motivations provided for Variances

Fuel:

In 2011 the increase in Petrol is 22% and 34% for Diesel. The Budget was increased from R2.8m to R3.4m. It is projected that the price could rise to / above R12/litre.

Ward Committee Allowances/Stipends:

R227, 500 provided for Transport, Telephone and Stationery (i.e. R145.50 per Ward Committee Member per month), subject to conditions.

Financial Viability:

R700, 000 provided to ensure that initiatives/interventions are adequately resourced

Repairs & Maintenance:

Maintenance Plans are crucial (as emphasised at the Mayoral Committee on 17 January 2012 during the tabling of the 2011/12 Mid-year Assessment Report). The relationship between Expenditure on Repairs vs Expenditure on Maintenance would provide an indication of the state of Fixed Assets and infrastructure. Delayed Maintenance result in disrepair and is more expensive due to price increases and the problem and cost increases.

R19, 169 million (or R16, 646 million excluding Street Lighting) Budgeted (5% of Budget) and the largest slice is taken by Land & Buildings (R4, 831m or 25%) compared to R3, 504million (18%) for Networks and R2, 920m (15%) for Roads and Storm water. In relation to the value of Fixed Assets this may be interpreted to be out of proportion.

Quick Wins:

R125, 000 x 13 Wards = R1, 625,000. Project Plans approved by Ward Committees must be supplied with a clear description and details and credible costing in order for us to differentiate between Operating and Capital Budget. R785, 000 is Capital and R840, 000 is Operating. The possibility of registering EPWP instead of using council Funds should also be considered.

Indigents Subsidies:

We provided for 8,000 Households. This figure seems to be realistic as there are many occupants of RDP Houses whether the beneficiaries or not who would qualify for Indigents Subsidy. Cost = R20, 492 million.

Leiwater:

Costs of this Service must be recovered (break-even) and must yield a Surplus in future as this is a Trading Service which benefits a few households and it is not an essential/mandatory Service. The more we subsidise this Service the more other consumer categories will have to pay and these may include less affluent communities. This is unfair. Town Offices must supply cost information (Time and Overtime, Maintenance, etc) on a monthly basis

13. Budget has also been converted to a **Cash Budget**, i.e. non-cash items such as Depreciation must be deducted from Expenditure and Redemption must be added to Expenditure.

The following problem areas are key factors to be addresses to ensure that the Municipality is Financial viable:

- Productivity and Cost Cutting Measures
- Backlogs in Infrastructure
- Uncontrolled Influx of Indigent People
- Narrow Revenue Base of the Municipality
- Lack of Accurate Data Required for Longer Term Financial Planning
- Unfunded Mandates
- Improved Debt Management

“Mind the Gap” has been identified in a previous financial year. It remains relevant as it is crucial to narrow the gap between the expectations of the Departments, the wider community of TWK and the financial and other resource capacity of the Municipality. This includes managing and reducing high stakeholders/ community expectations and increasing capacity/ resources/ efficiency and effectiveness. First, it is important to determine/ assess the financial health and potential (where we are). Then match available resources and potential resources (including Financial) against Service Delivery, Infrastructure and Capital Needs for the next 5 years.

Local Economic Development (LED) is a very important focus area as we need to broaden our Revenue Capacity by developing in the area. The Successful implementation of the Local Economic Development Strategy is a very important to enhance the Financial Viability of the Municipality as LED have a definite impact on job creation, development, etc.

The Primary Focus of LED is:

- Social and Economic Development and Tourism.
- Tourism promotion and destination marketing
- SMME Development and Support
- Launching of the Cape Country Meander Tourism Route

Service Delivery remains a challenge for South African Municipalities. Since 2006/2007the Municipality has embarked on a process of filling vacancies to ensure that we have the capacity to deliver Services (payroll has almost doubled since 2006/2007). The South African Government highlighted targets to accelerate Service Delivery in SA and TWK acknowledges it.

The following table illustrates the Service Delivery Targets set by the South African Government

Sector	Minimum standard 2014 target
Water	All households to have access to have at least clean piped water 200m from household.
Sanitation	All households to have access to at least ventilated pit latrine on site.
Electricity	All households to be connected to the National grid.
Refuse Removal	All households to have access to at least once a week Refuse Removal Services.
Housing	All existing informal settlements to be formalised with land use plans for economic and social facilities and with provision of permanent Basic Services.

Other (education, health, roads, transport, sports and recreation, street trading, community halls, parks, etc.)	Standard for access for all other social, Government, and economic Services must be clearly defined, planned, and where possible, implemented by each sector together with Municipalities.
--	--

Debt Collection Rate

The 2012/2013 Debt Collection Rate is 90% and is determined in accordance with the realistically anticipated collection trends.

- The installation of Prepaid Water Meters to households is rolled out at a rapid pace and along with the Electricity Prepaid Meters installation these are extremely important interventions which will improve credit control and reduce Outstanding Debt because consumers will pay in advance and cannot consume above affordability levels.
- This is a pro-active and strategic approach instead of reactive Debt Collection process
- Prepaid Water and Electricity Meters Installation Programme has commenced in 2010 and the aim is to curb consumption of electricity and water above affordability levels.
- Improves Water Management and water usage within affordable limits which leads to a decrease in bad debts as well as the detection of leakages.
- Electricity Prepaid Meters are Currently being rolled out to all households
- R5m (Water) & R3m (Electricity) Budgeted for 2011/12 and R3m and R1m in 2012/2013 for Water and Electricity Prepaid Meters respectively.
- These initiatives is of utmost importance to curb water and Electricity Wastage and to eliminate/decrease Bad Debts
- The annual projected decrease in Bad Debts are R3m and R2.7m for water and electricity: this represents 6% of the Water & Electricity Revenue
- Meters are installed free of charge: it is a pro-active Credit Control tool instead of reactive Debt Collection Processes.
- A vendor is being procured to do Tracing and Blacklisting of Debtors, Indigent Application Screening as well as other appropriate services to supplement our in-house Credit Control Services

Equitable Share

The Equitable Share increased with R6.408m (14%) from 2011/12 to 2012/13.

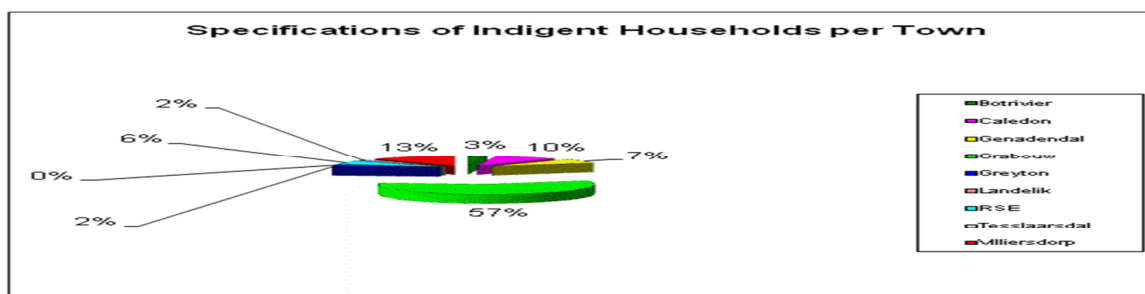
Years	Equitable Share	Indigent Subsidy	Subsidy as a % of Equitable Share
2008/2009	R25,680m	R10,143m	39.50%
2009/2010	R34,884m	R13,714m	40.10%
2010/2011	R43,655m	R19,486m	44.60%
2011/2012	R46,930m	R18,549m	39.52%
2012/2013	R53,340m	R20.492m	38.42%

Indigents Subsidy

The number of indigent Households is projected to increase from ±6,000 to ±8,000. This anticipated increase is mainly caused by high levels of unemployment in the Theewaterskloof region, Agricultural Seasonal Employment and Influx of Indigent people seeking greener pastures. This trend will have a significant impact on the Equitable Share Grant Allocation.

The Recent Indigent statistics is reflected below:

Towns	Botrivier	Caledon	Genadendal	Grabouw	Greyton	RS E	Tesselsdal	Villiersdorp	Total
Indigent Households	209	632	487	3481	150	479	97	731	6,266



Cost of Indigents Subsidy:

There is a differentiation between the Formal Indigent Households (mostly RDP Houses) and Informal (mostly in Informal Settlements). The Indigent table below reflects the Free Basic Services Provided and the Cost of such Services.

8.2. Indigents

Formal		
Particulars	Amount 2012/2013	Per Diens
Water Basic	64.89	R 3,114,873.60
Electricity	0.00	R 1,382,989.50
Refuse	87.52	R 4,201,113.60
Sewer	86.42	R 4,148,246.40
Total Individual Subsidy p.m.	238.84	
Projected No. of Households	4,000.00	
Grand Total p.m.	955,352.80	
No. of months	12	
Electricity 1475 X 1.302250 X 60kwh	115,249.13	
	12	
Grand Total per month	1,070,601.93	
	12,847,223.10	R 12,847,223.10
Admin Fee	1,927,083.47	1,927,083.47
Grand Total	14,774,306.57	14,774,306.57

Informal		
Particulars	Amount 2012/2013	Per Diens
Electricity		814,510.08
Refuse	42.63	2,046,124.80
Sewer	16.32	783,552.00
Plot Rental	27.66	1,327,586.40
Total Individual Subsidy p.m.	86.61	
Projected No. of Households	4,000.00	
Grand Total p.m.	346,438.60	
No. of months	12	
	4,157,263.20	
Electricity ESKOM	67,875.84	
	12	
Grand Total per month	414,314.44	
	4,971,773.28	4,971,773.28
Admin Fee	745,765.99	745,765.99
Grand Total	5,717,539.27	5,717,539.27

Summary Per Diens		
Diens	Posnommer DT	Bedrag
Water Basic	10/10/70/10/4510	R 3,114,873.60
Electricity	10/10/75/10/4510	2,197,499.58
Refuse	10/10/55/10/4510	6,247,238.40
Sewer	10/10/60/10/4510	4,931,798.40
Plot Rental	10/10/15/14/4510	1,327,586.40
Admin Fee	10/10/15/10/4510	2,672,849.46
		R 20,491,845.84

Summary		
Indigent Monthly Total + Admin	14,774,306.57	R 13,292,021
Informal Monthly Total + Admin	5,717,539.27	R 5,257,248
Total pa	20,491,845.84	18,549,269.39
Total pm	1,707,653.82	1,545,772.45
Budget Amount:	20,491,845.84	

Informal Settlement Control

Based on the survey conducted by LMS it is evident that squatter control is becoming an unavoidable issue which needs to be managed more pro-effectively.

Migration/ Population Increase

Increase in population remains a challenge in the Theewaterskloof area. Currently our population growth average at 1.26%, which brings our estimated population to 110, 000 for 2011.

The rapid population growth is especially in the Grabouw and Villiersdorp Farms is due to the agriculture sector being one of the major economic activities in TWK. The agriculture sector, more intensively in the Fruit production is labour-intensive and seasonal. These farm workers are only economically active for a certain period of the year and can contribute to Revenue (Municipal Service) only during that period.

The result of the increase in the population is that there is an increase pressure on our public Services such as Schools, Community Halls, Clinics, Law Enforcement, and our Infrastructure and Land Availability for houses.

[Source: 2009/2010 Annual Report]

10. Overview of Budget and Funding

In terms of Section 18 of the Municipal Finance Management Act, an Annual Budget may only be funded from:

- Realistically anticipated Revenues to be collected
- Cash backed accumulated funds from previous years Surpluses not committed for other purposes
- Borrowed funds, but only for the Capital Budget (Fixed Assets, Infrastructure, Property, Plant and Equipment)

The Budget recognizes compliance to the following:

- Credible, consistent and responsive to the Municipality's IDP
- Funded and achievable in terms of Service delivery
- Institutional Needs Analyses and takes into consideration Risk Analyses, Internal, and External Factors impacting on Service delivery.
- Contains Revenue and Expenditure Projections that are consistent with current and past year performances.
- The Municipality has overcome all the major obstacles which had an impact on its capacity to spend its Budget and render Services. These include blockages in the form of staff, policies, procedures, and processes. Ageing Fleet is still being addressed.
- Does not jeopardize the Financial Viability of the Municipality.

1. 2012/2013 Budget and 2013/2014 to 2014/15 Projected Financial Performance

1.1 Medium term outlook: Operating Budget

The table below indicate the Operating Revenue Budget increase from R332, 491 in 2011/12 to R398, 968 in 2012/13.

OPERATING INCOME & EXPENDITURE REPORT			
EXPENDITURE SUMMARY	2010/2011 Budget	2011/2012 Budget	2012/2013 Budget
Employee related costs	92,131,805	100,810,424	111,274,284
Councillors' Allowances	6,082,000	6,630,100	7,871,986
General Expenses:			
Other: General Expenditure	84,920,369	71,596,635	75,507,335
Fuel & Oil	2,477,500	2,773,600	3,393,790
Municipal Services & Assessment Rates	7,702,370	7,032,650	10,156,000
Telephone	1,852,100	1,527,200	1,527,500
Operating Grants	3,670,542	4,307,000	19,607,000
Provision for Working Capital	7,158,499	4,033,606	13,211,299
Bulk Purchases	34,128,718	42,873,388	47,609,471
1. Repair & Maintenance:			
Other: Repairs & Maintenance	6,869,150	5,161,483	4,984,700
Grounds & Buildings	4,328,850	5,148,650	4,831,533
Networks	3,183,600	4,199,142	3,504,000
Repair: Vehicles	2,609,200	2,834,620	3,326,127
Contractor Services	14,005,931	15,593,302	17,501,870
Capital Charges	10,855,905	14,303,253	15,010,214
Net Operating Expenditure	281,976,539	288,825,053	339,317,109
3. Capital Out of Revenue	1,842,700	3,186,772	2,516,871
Grants - Capital Purposes	52,212,740	59,382,000	60,856,000
Net Expenditure	336,031,979	351,393,825	402,689,980
1. Repair & Maintenance:	16,990,800	17,343,895	16,646,360
2. Internal charges	22,613,316	30,963,365	39,458,222
3. Capital Out of Revenue	1,842,700	3,186,772	2,516,871
4. Grants - Capital Purposes	52,212,740	59,382,000	60,856,000
Total of tables A1 & A4	242,372,423	240,517,793	283,212,527

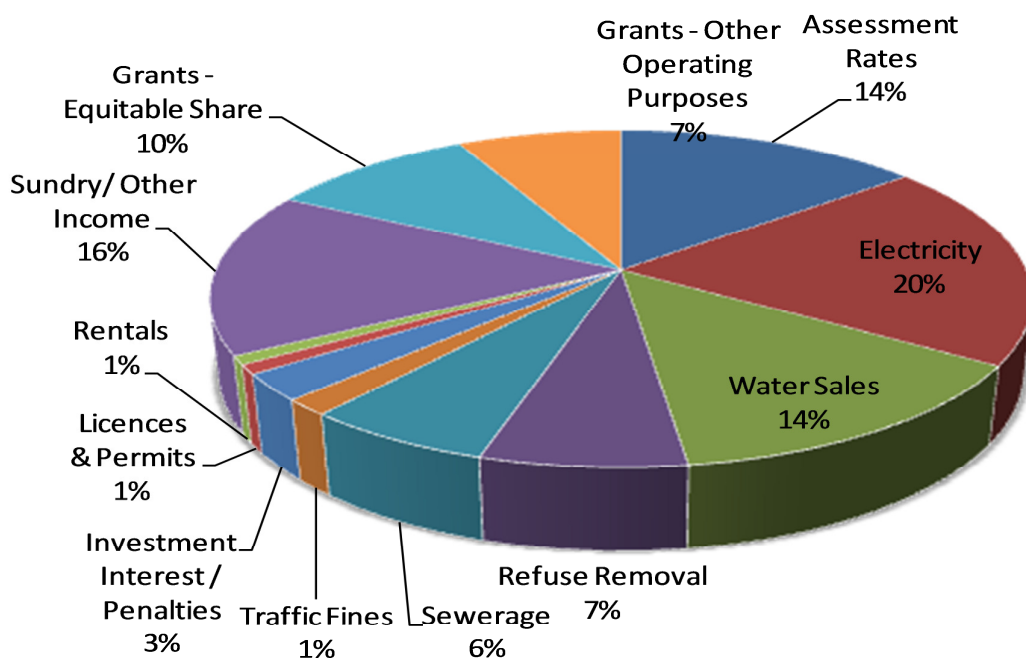
REVENUE SUMMARY	2010/2011 Budget	2011/2012 Budget	2012/2013 Budget
Assessment Rates	41,000,000	43,848,534	47,766,224
Services:			
Electricity	48,203,744	58,561,351	67,019,656
Water Sales	35,835,000	40,628,556	46,778,411
Refuse Removal	18,290,000	19,869,037	23,494,929
Sewerage	17,651,000	19,450,000	21,515,893
Sub Total	119,979,744	138,508,944	158,808,889
Traffic Fines	4,058,300	5,058,300	5,361,798
Investment Interest / Penalties	9,700,000	7,700,000	8,800,000
Licences & Permits	2,439,000	2,603,289	3,033,000
Rentals	1,780,000	1,533,910	2,711,586
Sundry/ Other Income	40,188,787	39,900,564	53,094,076
Grand in Aid:			
Grants - Equitable Share	43,655,000	28,385,731	32,851,155
Grants - Other Operating Purposes	6,803,002	5,570,000	25,686,000
Sub Total	50,458,002	33,955,731	58,537,155
Grants - Capital Purposes	52,212,740	59,382,000	60,856,000
Net Operating Revenue	321,816,573	332,491,272	398,968,728
2. Internal charges	22,613,317	30,963,361	39,458,222
Total of tables A1 & A4	299,203,256	301,527,911	359,510,506
Total Revenue (Excl Capital)			298,654,506
Surplus / (Deficit)	(14,215,406)	(18,902,553)	(3,721,252)

Less: Non-Cash Items			
Depreciation		23,119,539	13,495,787
GRAP Provisions		4,200,000	5,989,400
Add:			
Redemption		(7,594,615)	(8,987,433)
Transfer to CRR			(6,776,502)
Cash Surplus / (Deficit)		822,371	-

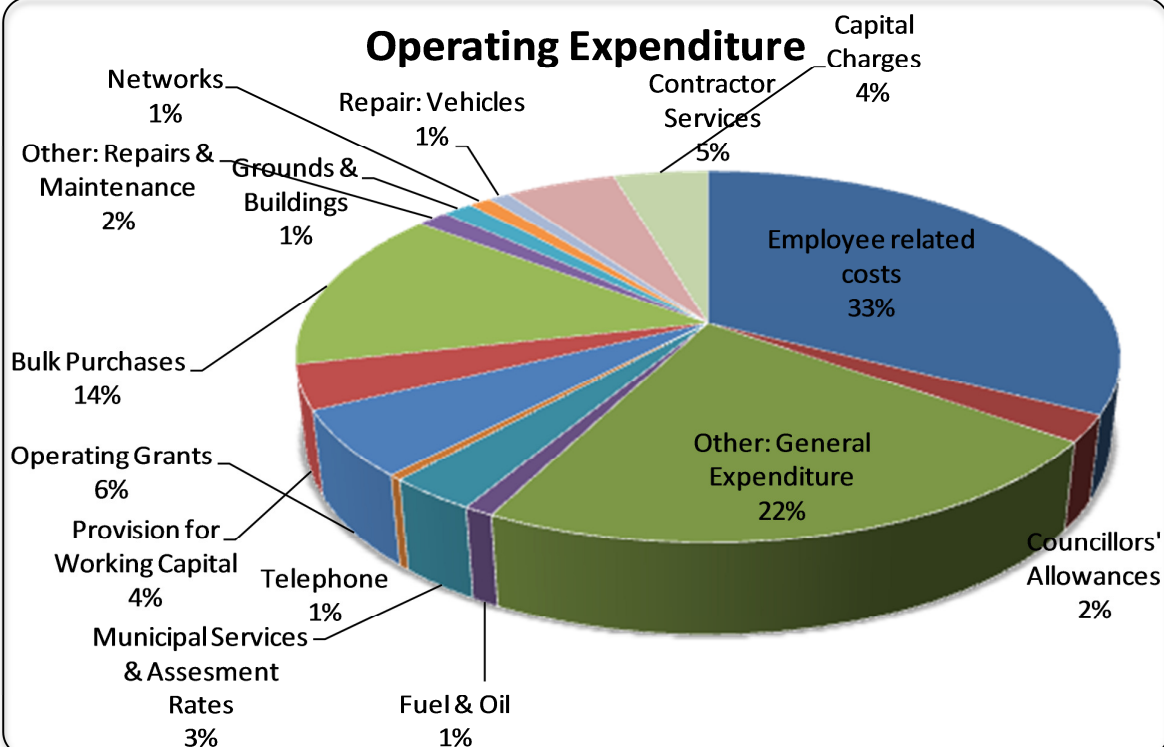
Note: Charges out to the amount of R39,458,222 is included in Other: General Expenditure and Sundry/Other Income.

The following graph is a breakdown of the Operational Revenue and Expenditure per Main Category for the 2012/2013 financial year.

Operating Income



Operating Expenditure



Tariff setting plays a major role in ensuring desired levels of Revenue. Getting tariffs right assists in the compilation of a credible and funded Budget. The Municipality derives most of its operational Revenue from the provision of goods and Services such as water, electricity, sanitation and solid waste removal and property rates.

Revenue was based on:

- Growth in the Municipality and economic development
- Revenue management and enhancement
- Achievement of 90% annual collection rate for consumer Revenue
- Electricity tariff increase within the National Electricity Regulator of South Africa (NERSA) approval
- Achievement of full cost recovery of specific user charges
- Determining tariff escalation rate by establishing/calculating Revenue requirements
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- The ability to extend new Services and obtain cost recovery levels.

Particulars	2012/13	2011/12
Rates	9.60%	6.90%
Electricity	11.03%	20.38%
Refuse	8%	6%
Sewerage	6%	6%
Water	6%	5.9%

The above Principles Guide the annual increase in the Tariffs Charged to the consumers and the ratepayers aligned to the economic forecasts.

The following illustrate the difference between the 2011/12 and 2012/13 Tariff increase:

Services Charges relating to Electricity, Water, Sanitation and Refuse Removal constitutes the biggest component of the Revenue basket of the Municipality totalling R144, 078 million for the 2012/13 Financial year and increasing to R189.593 million by 2014/15. For the 2011/12 financial year Services Charges amount to 48% of the total Revenue base.

Operational Grants and Subsidies amount to R79,029 million, R73, 428 million and R81, 412 million for each of the respective financial years of the MTREF.

Investment Revenue contributes marginally to the Revenue base of the Municipality with a Budget allocation of R1,8 million, R2 million and R2.1 million for the respective three Financial years of the 2012/13 MTREF. The Actual Performance against Budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments Budget.

The tables below provide detail investment information and investment particulars by maturity.

Monetary Investments by Type (Table SA15)

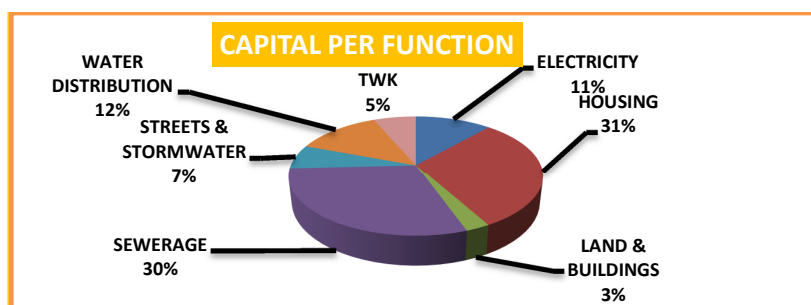
Investment type	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Parent municipality									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	25,485	4,987	15,394	4,000	15,000	15,000	15,000	17,000	20,000
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Municipal Bonds									
Municipality sub-total	25,485	4,987	15,394	4,000	15,000	15,000	15,000	17,000	20,000
Entities									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank									
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Entities sub-total	-	-	-	-	-	-	-	-	-
Consolidated total:	25,485	4,987	15,394	4,000	15,000	15,000	15,000	17,000	20,000

11. Capital Expenditure Budget Details

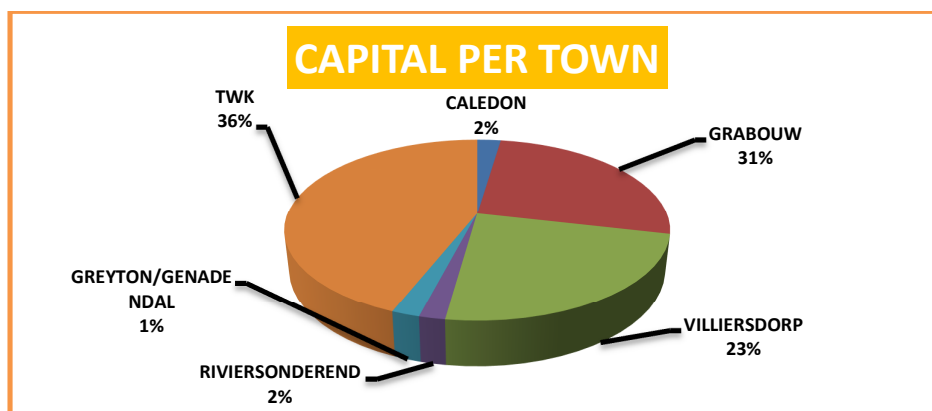
The Capital Budget can be illustrated as follow per Function, Town and Capital Source.

The Capital Budget decline from R82, 951 in 2011/12 to R76, 078 million in 2012/13,an increase to R81, 760 million in 2013/14 and decline to R74, 864 million in 2014/2015.

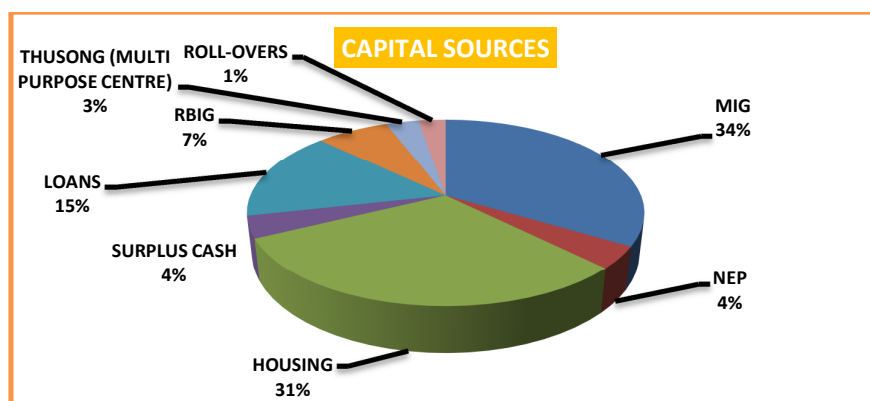
Captial per Function		
FUNCTION	2012/2013 '000	%
Electricity	8,510	11%
Housing	23,682	31%
Land and Buildings	2,850	4%
Sewerage	23,121	30%
Street and Stormwater	5,088	7%
Water Distribution	9,309	12%
TWK	3,516	5%
Total	76,078	100%



Captial per Town		
FUNCTION	2012/2013 '000	%
Botrivier	831	1%
Caledon	1,630	2%
Grabouw	23,778	31%
Greyto / Genadendal	450	1%
Riviersonderend	1,266	2%
Villiersdorp	17,623	23%
Greyton/ RSE / Villiersdorp	3,000	4%
TWK	27,498	36%
Total	76,078	100%



Captilal per Source		
FUNCTION	2012/2013 '000	%
MIG	26,174	34%
RBIG	5,500	7%
NEP	3,000	4%
HOUSING GRANT	23,682	31%
Thusong (Multi Purpose Centre)	2,500	3%
SURPLUS CASH	2,946	4%
LOANS 12/13	11,275	15%
ROLL OVERS 2011/2012	1,000	1%
Total	76,078	100%



Capital Grants and Receipts equates to 80% of the Total Funding Source which represent R60.856 million for the 2012/2013 financial year and decreased to R51, 000 million in 2013/2014 and R47, 466million in 2014/15.

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the Medium-term Revenue and Expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

The following three tables present details of the Municipality's Capital Expenditure Programme, firstly on New Assets, then the Renewal of Assets and finally on the repair and maintenance of Assets.

Capital Expenditure on New Assets by Asset Class (Table SA34a)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	8,190	10,288	5,792	9,048	6,560	6,560	7,371	7,140	7,569
Infrastructure - Road transport	4,088	4,023	2,214	2,898	2,581	2,581	3,150	3,196	3,388
Roads, Pavements & Bridges	4,088	4,023	2,214	2,898	2,581	2,581	3,150	3,196	3,388
Storm water									
Infrastructure - Electricity	2,488	4,117	1,043	4,199	1,055	1,055	1,169	709	752
Generation									
Transmission & Reticulation	2,488	4,117	1,043	4,199	786	786	1,169	709	752
Street Lighting					268	268			
Infrastructure - Water	27	228	1,350	145	1,489	1,489	1,603	1,699	1,801
Dams & Reservoirs									
Water purification									
Reticulation	27	228	1,350	145	1,489	1,489	1,603	1,699	1,801
Infrastructure - Sanitation	586	422	1,186	755	1,347	1,347	1,337	1,417	1,502
Reticulation	245								
Sewerage purification	341	422	1,186	755	1,347	1,347	1,337	1,417	1,502
Infrastructure - Other	1,000	1,498	–	1,050	89	89	113	120	127
Waste Management									
Transportation									
Gas									
Other	1,000	1,498		1,050	89	89	113	120	127
Community	–	–	1,143	–	1,050	1,050	750	795	843
Parks & gardens			1,143		1,050	1,050	750	795	843
Sportsfields & stadia									
Swimming pools									
Community halls									
Libraries									
Recreational facilities									
Fire, safety & emergency									
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing									
Other									
Heritage assets	–	–	–	–	–	–	–	–	–
Buildings									
Other									
Investment properties	–	–	–	–	–	–	–	–	–
Housing development									
Other									
Other assets	6,133	7,400	7,119	8,296	8,240	8,240	8,525	9,037	9,579
General vehicles	2,756	2,947	2,392	2,817	3,018	3,018	3,326	3,526	3,737
Specialised vehicles	–	–	–	–	–	–	–	–	–
Plant & equipment	96	110		212	–	–	–	–	–
Computers - hardware/equipment					–	–	–	–	–
Furniture and other office equipment	122	8	122	26	158	158	161	171	181
Abattoirs					–	–	–	–	–
Markets					–	–	–	–	–
Civic Land and Buildings	3,091	4,137	4,558	5,149	4,984	4,984	4,954	5,251	5,566
Other Buildings	68	197		93	–	–	–	–	–
Other Land					–	–	–	–	–
Surplus Assets - (Investment or Inventory)					–	–	–	–	–
Other			47		80	80	85	90	95
Agricultural assets	–	–	–	–	–	–	–	–	–
List sub-class									
Biological assets	–	–	–	–	–	–	–	–	–
List sub-class									
Intangibles	–	–	–	–	–	–	–	–	–
Computers - software & programming									
Other (list sub-class)									
Total Repairs and Maintenance Expenditure	14,322	17,688	14,054	17,344	15,850	15,850	16,646	16,972	17,990
Specialised vehicles	–	–	–	–	–	–	–	–	–
Refuse									
Fire									
Conservancy									
Ambulances									
R&M as a % of PPE	5.5%	6.2%	3.5%	4.2%	3.2%	3.2%	3.0%	2.7%	2.6%
R&M as % Operating Expenditure	6.6%	7.2%	5.8%	7.2%	6.3%	6.3%	5.9%	5.5%	5.2%

Capital Expenditure on Renewal of Existing Assets by Asset Class (Table SA34b)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	-	-	26,665	28,045	28,386	28,386	41,629	58,321	56,586
Infrastructure - Road transport	-	-	9,179	4,085	5,408	5,408	5,088	10,346	6,706
Roads, Pavements & Bridges			9,179	4,085	5,408	5,408	5,088	10,346	6,706
Storm water									
Infrastructure - Electricity	-	-	1,885	550	1,145	1,145	4,510	25,955	26,820
Generation									
Transmission & Reticulation			1,885	550	1,145	1,145	4,510	25,955	26,820
Street Lighting									
Infrastructure - Water	-	-	11,252	7,220	7,374	7,374	9,309	980	23,060
Dams & Reservoirs									
Water purification									
Reticulation			11,252	7,220	7,374	7,374	9,309	980	23,060
Infrastructure - Sanitation	-	-	4,348	16,190	14,458	14,458	22,722	21,040	-
Reticulation									
Sewerage purification			4,348	16,190	14,458	14,458	22,722	21,040	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Waste Management									
Transportation									
Gas									
Other									
Community	-	-	683	-	-	-	-	-	-
Parks & gardens									
Sportsfields & stadia			683						
Swimming pools									
Community halls									
Libraries									
Recreational facilities									
Fire, safety & emergency									
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing									
Other									
Heritage assets	-	-	-	-	1,750	1,750	-	-	-
Buildings									
Other					1,750	1,750			
Investment properties	-	-	-	-	-	-	-	-	-
Housing development									
Other									
Other assets	-	-	-	2,475	975	975	-	-	-
General vehicles				175	725	725			
Specialised vehicles	-	-	-	550	-	-	-	-	-
Plant & equipment									
Computers - hardware/equipment									
Furniture and other office equipment									
Abattoirs									
Markets									
Civic Land and Buildings				250	250	250			
Other Buildings									
Other Land				1,500					
Surplus Assets - (Investment or Inventory)									
Other									
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class									
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class									
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming									
Other (list sub-class)									
Total Capital Expenditure on renewal of existing assets	-	-	27,348	30,520	31,111	31,111	41,629	58,321	56,586
Specialised vehicles	-	-	-	550	-	-	-	-	-
Refuse									
Fire									
Conservancy				550	-	-			
Ambulances									
Renewal of Existing Assets as % of total capex	0.0%	0.0%	61.3%	35.0%	37.5%	37.5%	54.7%	71.3%	75.6%
Renewal of Existing Assets as % of deprecn"	0.0%	0.0%	322.6%	132.0%	252.5%	252.5%	281.4%	381.7%	358.5%

Repairs and Maintenance Expenditure by Asset Class (Table SA34c)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	8,190	10,288	5,792	9,048	6,560	6,560	7,371	7,140	7,569
Infrastructure - Road transport	4,088	4,023	2,214	2,898	2,581	2,581	3,150	3,196	3,388
Roads, Pavements & Bridges	4,088	4,023	2,214	2,898	2,581	2,581	3,150	3,196	3,388
Storm water									
Infrastructure - Electricity	2,488	4,117	1,043	4,199	1,055	1,055	1,169	709	752
Generation									
Transmission & Reticulation	2,488	4,117	1,043	4,199	786	786	1,169	709	752
Street Lighting					268	268			
Infrastructure - Water	27	228	1,350	145	1,489	1,489	1,603	1,699	1,801
Dams & Reservoirs									
Water purification									
Reticulation	27	228	1,350	145	1,489	1,489	1,603	1,699	1,801
Infrastructure - Sanitation	586	422	1,186	755	1,347	1,347	1,337	1,417	1,502
Reticulation	245								
Sewerage purification	341	422	1,186	755	1,347	1,347	1,337	1,417	1,502
Infrastructure - Other	1,000	1,498	–	1,050	89	89	113	120	127
Waste Management									
Transportation									
Gas									
Other	1,000	1,498		1,050	89	89	113	120	127
Community	–	–	1,143	–	1,050	1,050	750	795	843
Parks & gardens			1,143		1,050	1,050	750	795	843
Sportsfields & stadia									
Swimming pools									
Community halls									
Libraries									
Recreational facilities									
Fire, safety & emergency									
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing									
Other									
Heritage assets	–	–	–	–	–	–	–	–	–
Buildings									
Other									
Investment properties	–	–	–	–	–	–	–	–	–
Housing development									
Other									
Other assets	6,133	7,400	7,119	8,296	8,240	8,240	8,525	9,037	9,579
General vehicles	2,756	2,947	2,392	2,817	3,018	3,018	3,326	3,526	3,737
Specialised vehicles	–	–	–	–	–	–	–	–	–
Plant & equipment	96	110		212	–	–	–	–	–
Computers - hardware/equipment					–	–	–	–	–
Furniture and other office equipment	122	8	122	26	158	158	161	171	181
Abattoirs					–	–			
Markets					–	–			
Civic Land and Buildings	3,091	4,137	4,558	5,149	4,984	4,984	4,954	5,251	5,566
Other Buildings	68	197		93	–	–			
Other Land					–	–			
Surplus Assets - (Investment or Inventory)					–	–			
Other			47		80	80	85	90	95
Agricultural assets	–	–	–	–	–	–	–	–	–
List sub-class									
Biological assets	–	–	–	–	–	–	–	–	–
List sub-class									
Intangibles	–	–	–	–	–	–	–	–	–
Computers - software & programming									
Other (list sub-class)									
Total Repairs and Maintenance Expenditure	14,322	17,688	14,054	17,344	15,850	15,850	16,646	16,972	17,990
Specialised vehicles	–	–	–	–	–	–	–	–	–
Refuse									
Fire									
Conservancy									
Ambulances									
R&M as a % of PPE	5.5%	6.2%	3.5%	4.2%	3.2%	3.2%	3.0%	2.7%	2.6%
R&M as % Operating Expenditure	6.6%	7.2%	5.8%	7.2%	6.3%	6.3%	5.9%	5.5%	5.2%

Capital Expenditure details (Table SA36)

Municipal Vote/Capital project	Program/Project description	2012/13 Medium Term Revenue & Expenditure Framework			Project information	
		Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Ward location	New or renewal
R thousand						
Parent municipality:						
	<i>List all capital projects grouped by Municipal Vote</i>					
Vote1 - Executive Council	Instalation of lift at Caledon Town Hall	300	-	-	TWK	New
	Quick wins	785				New
Vote2 - Finance & Admin	Inventory Items	1,732	-		TWK	New
Vote4 - Community & Social Services	Construct toilets for the disabled	50	-		Greyton/Genadendal	New
	Thusong multi purpose centre	2,500			Grabouw	New
Vote5 - Housing	Housing	23,682	14,890	18,260	TWK	New
Vote10 - Waste Water Management	Tesselaarsdal waste water treatment package plant	1,200	-	-	Caledon	New
	Eradication of septic tank system (Bereaville)	400	8,550	-	Greyton/Genadendal	New
	Upgrading of wastewater treatment plant (WWTP)	16,391	8,500	-	Grabouw	Renewal
	Upgrading of wastewater treatment plant (WWTP)	5,130	12,540	-	Villiersdorp	Renewal
Vote11 - Roads & Transport	Roads Upgrade		10,346	6,706	TWK	Renewal
	Roads Upgrade: Thorpe Street	557			Riviersonderend	Renewal
	Roads Upgrade: Extension 11 Street No 8	420			Villiersdorp	Renewal
	Roads Upgrade: Akasia Street	416			Botrivier	Renewal
	Roads Upgrade: Jakaranda Street	416			Botrivier	Renewal
	Roads Upgrade: Protea Street in Dennekruin	3,280			Grabouw	Renewal
Vote12 - Water Distribution	Upgrading bulk water supply network (new reservoir and bulk water main)	-	-	7,500	Greyton/Genadendal	Renewal
	Upgrade bulk water supply	1,606	-	10,000	Grabouw	Renewal
	Upgrading water purification plant	-	-	5,000	Villiersdorp	Renewal
	Upgrade bulk water network	350	980	560	Riviersonderend	Renewal
	Upgrading bulk water supply network (new reservoir and bulk water main)	7,353	-	-	Villiersdorp	Renewal
	Prepaid Watermeters/Water Demand Management	1,000	-	-	TWK	New

Vote13 - Electricity Distribution	Replace conventional meters with payment meters	3,000	–	–	Greyton/Genadendal	New
	Electrification in Goniwe Park	4,000	–	–	Villiersdorp	New
	Upgrading of network in Buitekant Street - Riviersonderend	360	–	–	Riviersonderend	Renewal
	Replacement of Villiersdorp main substation	720	–	–	Villiersdorp	New
	Replace network at Koalisie and Sterling street	350	–	–	Caledon	New
	Replace steel poles railway crossing	80	–	–	Caledon	New
	Upgrading of LS Network - Bergsig	–	650	–	Caledon	Renewal
	Upgrading of network in Voortrekker Street-Riviersonderend	–	420	–	Riviersonderend	Renewal
	Replace of switching station at corner of Caledon and Buitekant Street	–	350	–	Caledon	New
	Replacement of network at Kleintrou and Sterling	–	350	–	Caledon	New
	Replace transformer and switches at Industrie Street	–	500	–	Caledon	New
	Upgrading of Bergsig substation	–	–	2,860	Caledon	Renewal
	Upgrading of network in Unie and Caledon Street (Upgrading and replacement of electrical network)	–	485	360	Villiersdorp	Renewal
	Upgrading of 11KV network in Greyton (Upgrading and replacement of electrical network)	–	1,200	–	Greyton/Genadendal	Renewal
	Upgrading of 11KV network in Hoof Street - Riviersonderend	–	–	450	Riviersonderend	Renewal
	Upgrading of Casino substation	–	22,000	22,000	Caledon	Renewal
	Replace of switching station at Viljoen Engineer Services	–	–	350	Villiersdorp	New
	Replacement of network at Batana and Impala Streets	–	–	350	Caledon	New
	Replace transformer and switches at corner of Human and Van Riebeeck Street	–	–	450	Caledon	New
Parent Capital expenditure		76,078	81,761	74,846		
Entities: <i>List all capital projects grouped by Entity</i>						
Entity A Water project A						
Entity B Electricity project B						
Entity Capital expenditure		–	–	–		
Total Capital expenditure		76,078	81,761	74,846		

Borrowing still remains a significant funding source for the Capital Programme over the medium-term with an estimated R11, 275m, R8, 761m and R4, 930 million to be raised for each of the respective financial years totalling R24, 966 representing 15%, 11% and 7% of the Total Capital Budget Funding for each of the respective MTREF financial years.

The following table is a detailed analysis of the Municipality's borrowing liability.

Detail of borrowings (Table SA17)

Borrowing - Categorised by type R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Parent municipality									
Long-Term Loans (annuity/reducing balance)	82,965	78,065	100,129	96,267	106,819	106,819	118,095	126,856	131,786
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases	137	40	-	40	40	40	40	40	40
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Municipality sub-total	83,103	78,105	100,129	96,307	106,859	106,859	118,135	126,896	131,826
Entities									
Long-Term Loans (annuity/reducing balance)									
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Entities sub-total	-	-	-	-	-	-	-	-	-
Total Borrowing	83,103	78,105	100,129	96,307	106,859	106,859	118,135	126,896	131,826

Unspent Borrowing - Categorised by type									
Parent municipality									
Long-Term Loans (annuity/reducing balance)									
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Municipality sub-total	-	-	-	-	-	-	-	-	-
Entities									
Long-Term Loans (annuity/reducing balance)									
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Entities sub-total	-	-	-	-	-	-	-	-	-
Total Unspent Borrowing	-	-	-	-	-	-	-	-	-

1.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the Budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understanding for councillors and management. Some specific features include:

- Clear separation of Receipts and Payments within each cash flow category;
- Clear separation of Capital and Operating Receipts from Government, which also enables Cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the actual collection rate of billed Revenue., and
- Separation of Borrowing and Loan Repayments (no set-off), to assist with MFMA compliance assessment regarding the use of Long Term Borrowing (Debt).

Budget Cash Flow Statement (Table A7)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	189,726	223,553	160,770	212,904	213,377	213,377	193,864	243,292	268,287
Government - operating	-	-	47,961	52,505	58,552	58,552	79,029	73,428	81,412
Government - capital	-	-	53,435	59,382	64,274	64,274	60,856	51,000	47,466
Interest	11,693	9,109	8,475	7,700	8,450	8,450	8,800	8,000	7,600
Dividends	-	-	-	-	-	-	-	-	-
Payments									
Suppliers and employees	(158,837)	(198,571)	(233,028)	(247,369)	(266,571)	(266,571)	(256,842)	(281,516)	(316,082)
Finance charges	(7,235)	(8,302)	(10,831)	(14,303)	(13,440)	(13,440)	(15,010)	(15,220)	(14,963)
Transfers and Grants	-	-	(428)	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	35,346	25,789	26,353	70,819	64,643	64,643	70,697	78,984	73,720
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	5,252	850	1,610	-	-	-	3,750	4,000	3,000
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivable	-	-	5	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-
Payments									
Capital assets	(61,094)	(45,375)	(35,067)	(91,178)	(82,551)	(82,551)	(76,078)	(81,761)	(74,846)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(55,842)	(44,525)	(33,453)	(91,178)	(82,551)	(82,551)	(72,328)	(77,761)	(71,846)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	33,391	55	26,496	21,285	21,285	21,285	11,275	8,761	4,930
Increase (decrease) in consumer deposits	320	299	207	229	229	229	250	276	303
Payments									
Repayment of borrowing	(2,463)	(5,327)	(3,911)	(7,904)	(7,904)	(7,904)	(8,954)	(8,229)	(8,403)
NET CASH FROM/(USED) FINANCING ACTIVITIES	31,247	(4,973)	22,792	13,610	13,610	13,610	2,572	807	(3,170)
NET INCREASE/ (DECREASE) IN CASH HELD	10,752	(23,709)	15,692	(6,749)	(4,298)	(4,298)	941	2,031	(1,296)
Cash/cash equivalents at the year begin:	20,319	31,071	7,362	7,877	22,624	22,624	18,326	19,267	21,298
Cash/cash equivalents at the year end:	31,071	7,362	23,054	1,128	18,326	18,326	19,267	21,298	20,002

The Municipality is in the process of Debtors Data Cleansing to ensure that optimum cash levels are obtained. The project aims to correcting debtors' data, ensuring the problems do not re-occur, increasing the Revenue inflow and focussing on enhancing inter-departmental co-operation and communication. We look diagnostically at problems detected and address the causes and processes. Goals and Objectives were presented to Management and is well supported and accepted.

- **Objective:** To ensure all Consumers/ Ratepayers are on our Debtors System (Completeness) and that all challenges are levied and are charged at the Correct Tariffs (Correctness & Completeness of Billing)
- Also addresses Distribution Losses (Water & Electricity) through theft, no meters etc.
- To date over R3m Under-charges detected and corrected: use of own staff and few Temporary officials.

1.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a Municipal Budget in accordance with sections 18 and 19 of the MFMA. A Surplus would indicate the cash-backed accumulated Surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the Municipality's Budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual Budget is not appropriately funded (Budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the Budget year might indicate a small Surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger Surpluses then this negative trend may be a concern that requires closer examination.

Cash backed Reserves/Accumulated Surplus reconciliation (Table A8)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Cash and investments available									
Cash/cash equivalents at the year end	31,071	7,362	23,054	1,128	18,326	18,326	19,267	21,298	20,002
Other current investments > 90 days	-	-	(430)	3,874	-	-	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-
Cash and investments available:	31,071	7,362	22,624	5,002	18,326	18,326	19,267	21,298	20,002
Application of cash and investments									
Unspent conditional transfers	8,428	7,149	2,414	2,400	2,400	2,400	2,500	2,500	2,500
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	-	-	-	-	-
Other working capital requirements	(5,979)	(19,866)	(3,463)	(13,259)	(14,122)	(14,122)	(4,936)	(4,383)	3,935
Other provisions	-	-	-	-	-	-	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	31	40	40	8,040	8,040	8,040
Total Application of cash and investments:	2,449	(12,718)	(1,048)	(10,828)	(11,682)	(11,682)	5,604	6,157	14,475
Surplus(shortfall)	28,622	20,079	23,672	15,831	30,008	30,008	13,663	15,141	5,527

From the above table it can be seen that the cash and investments available total R14, 190 million in the 2012/13 Financial year and increase to R15, 668 million by 2013/14, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent Conditional Transfers (Grants) are automatically assumed to be an obligation as the Municipality has received Government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the Municipality is obligated to return unspent conditional grant funds to the National Revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2010/11 financial year the Municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants. For the 2011/12 Financial year a provision has been made for this liability as approval from National Treasury takes some time to be received.
- Unspent Borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
- Provisions for Statutory Requirements include VAT owing to timing differences resulting from year- end obligations.

- The main purpose of other Working Capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. It needs to be noted that, the desired cash levels should be 60 days to ensure continued liquidity of the Municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.
- Other Provision Liability is informed by, amongst others, the supplementary pension liability.
- Long Term Investments consist primarily of the sinking funds for the repayment of future borrowings. The sinking fund value is held within long term investments and must be 'held to maturity' and is not available for spending.
- Most Reserve Fund Cash-Backing is discretionary in nature, but the reserve funds are not available to support a Budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the Municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

It can be concluded that the Municipality has a Surplus against the Cash-backed and accumulated Surpluses reconciliation in 2011/2012 and 2012/2013. The level of non-cash-backing over the period 2008/09 to 2012/13 were R28.6 million positive to R14, 190 million positive in 2012/13. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

1.5 Funding Compliance Measurement

National Treasury requires that the Municipality assess its financial sustainability against different measures that look at various aspects of the financial health of the Municipality. These measures are contained in the following table. All the information comes directly from the annual Budgeted Statements of Financial Performance, Financial Position and Cash Flows. The Funding Compliance Measurement Table essentially measures the degree to which the proposed Budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Funding Compliance Measurement (Table SA10)

Description	MFMA section	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Funding measures										
Cash/cash equivalents at the year end - R'000	18(1)b	31,071	7,362	23,054	1,128	18,326	18,326	19,794	21,825	20,529
Cash + investments at the yr end less applications - R'000	18(1)b	28,622	20,079	23,672	15,831	30,008	30,008	14,190	15,668	6,054
Cash year end/monthly employee/supplier payments	18(1)b	2.1	0.5	1.3	0.1	1.0	1.0	1.0	1.0	0.8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	24,445	26,807	41,584	61,010	60,645	60,645	76,298	62,676	56,928
Service charge rev % change - macro CPIIX target exclusive	18(1)a,(2)	N.A.	(0.5%)	5.5%	3.4%	(7.9%)	(6.0%)	9.9%	8.8%	5.7%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	105.5%	124.6%	88.8%	113.9%	114.5%	114.5%	90.6%	100.4%	99.9%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	18.9%	13.3%	12.2%	2.4%	5.1%	5.1%	6.9%	6.9%	6.8%
Capital payments % of capital expenditure	18(1)c:19	101.1%	102.8%	78.6%	104.4%	99.5%	99.5%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	93.6%	0.3%	162.7%	76.2%	63.3%	63.3%	74.1%	28.5%	18.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a							100.6%	100.8%	100.8%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	23.0%	(0.6%)	(4.5%)	29.7%	0.0%	13.7%	4.4%	(1.6%)
Long term receivables % change - incr(decr)	18(1)a	N.A.	(52.4%)	(6.0%)	(65.3%)	174.9%	0.0%	1.8%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	5.5%	6.2%	3.5%	4.2%	3.2%	3.2%	2.9%	2.7%	2.6%
Asset renewal % of capital budget	20(1)(vi)	0.0%	0.0%	61.3%	35.0%	37.5%	37.5%	54.7%	71.3%	75.6%

i. Cash/Cash Equivalent Position

The Municipality's Forecast Cash Position was discussed as part of the Budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working Capital requirements.

If the Municipality's Forecast Cash Position is negative, for any year of the medium term Budget, the Budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2012/13 MTREF shows R19, 794 million, R21, 825million and R20, 529 million for each respective financial year.

ii. Cash plus Investments less application of funds

The purpose of this measure is to understand how the Municipality has applied the available Cash and Investments as identified in the Budgeted cash flow statement. The detail reconciliation of the cash backed reserves/Surpluses is contained in Table A8. The reconciliation is intended to be a relatively simple methodology for understanding the Budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

iii. Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of Financial Risk should the Municipality be under stress from a Collection and Cash In-Flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the Municipality be faced with an unexpected disaster that threatens Revenue collection such as rate boycotts. Notably, the ratio has been increasing for the period 2010/11 to 2012/13, moving from 1.3 to 1.0 with the adopted 2012/13 MTREF. As part of the 2012/13 MTREF the Municipality's cash position causes the ratio to move downwards from 1. to 0.

iv. Surplus/Deficit excluding Depreciation offsets

The main purpose of this measure is to understand if the Revenue levels are sufficient to conclude that the community is making a sufficient contribution for the Municipal resources consumed each year. An 'adjusted' Surplus/Deficit is achieved by offsetting the amount of depreciation related to externally funded Assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and Service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a Surplus does not necessarily mean that the Budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

v. *Property Rates/Service charge Revenue as a % increase less macro inflation target*

The purpose of this measure is to understand whether the Municipality is contributing appropriately to the achievement of National Inflation Targets. This measure is based on the increase in 'Revenue', which will include both the change in the tariff as well as any assumption about real growth such as New Property Development, Services Consumption Growth etc.

The factor is calculated by deducting the Maximum Macro-Economic Inflation Target Increase (which is currently 3 - 6 %). The result is intended to be an approximation of the real increase in Revenue. From the table above it can be seen that the % growth totals 9.9, 8.8 and 5.7% for the respective financial year of the 2012/13 MTREF. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the Budget.

vi. *Cash Receipts as a % of ratepayer and other Revenue*

This factor is a Macro Measure of the Rate at which Funds are 'Collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the Budget assumptions contained in the Budget. It can be seen that the outcome is at 90.6, 100.4 and 99.9% for each of the respective financial years. Given that the assumed collection rate was based on a 90% performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed Revenue, the adjustments Budget will be amended accordingly.

vii. *Debt Impairment expense as a % of billable Revenue*

This factor measures whether the Provision for Debt Impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed Revenues. The provision has been appropriated at 6.9, 6.9 and 6.8% over the MTREF.

viii. *Capital Payments % of Capital Expenditure*

The purpose of this measure is to determine whether the Timing of Payments has been taken into consideration when forecasting the cash position.

ix. *Borrowing as a % of Capital Expenditure (excluding transfers, grants and contributions)*

The purpose of this measurement is to determine the Proportion of a Municipality's 'Own-funded' Capital Expenditure Budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded Expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 74.1, 28.5 and 18% of own funded Capital.

x. *Transfers/Grants Revenue as a % of Government Transfers/Grants available*

The purpose of this measurement is mainly to ensure that all available transfers from National and Provincial Government have been budgeted for. A % less than 100 % could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

xi. *Consumer Debtors Change (Current and Non-current)*

The purpose of these measures is to ascertain whether Budgeted Reductions in Outstanding Debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

xii. *Repairs and Maintenance Expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to Asset Repair could also indicate that the overall Budget is not credible and/or sustainable in the medium to long term because the Revenue Budget is not being protected. Details of the Municipality's strategy pertaining to Asset Management and Repairs and Maintenance are contained in Table SA34C.

xiii. *Asset Renewal/Rehabilitation Expenditure level*

This measure has a similar objective to aforementioned objective relating to Repairs and Maintenance. A requirement of the detailed Capital Budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each Capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of Budgets being provided for new Assets and also asset sustainability. A declining or low level of renewal funding may indicate that a Budget is not credible and/or sustainable and future Revenue is not being protected, similar to the justification for 'repairs and maintenance' Budgets. Further details in this regard are contained in Table SA34b.

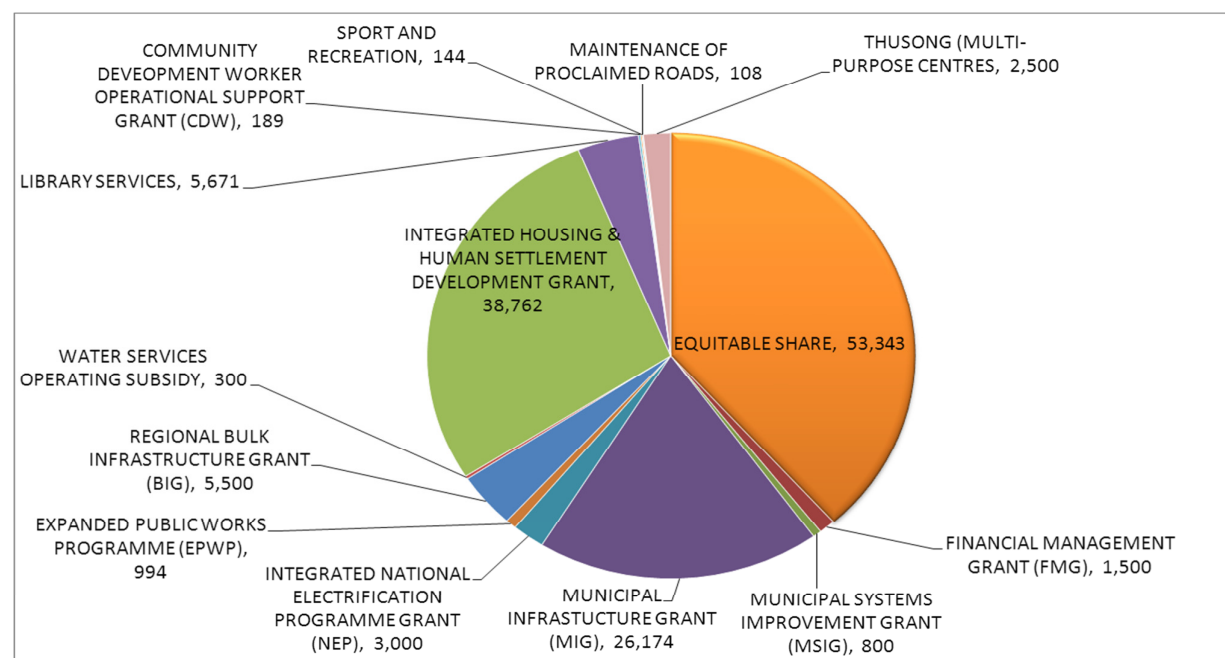
12. Expenditure on Allocations and Grant Programmes

Expenditure on Allocations and Grant Programmes (Table SA19)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	25,145	35,485	45,897	51,086	51,086	51,086	56,937	59,732	69,716
Local Government Equitable Share	23,593	33,167	43,654	46,935	46,935	46,935	53,343	57,332	62,316
Finance Management	589	1,018	924	1,250	1,250	1,250	1,500	1,500	1,450
Municipal Systems Improvement	964	1,300	1,064	1,200	1,200	1,200	800	900	950
Expanded Public Works Programme	–	–	256	1,701	1,701	1,701	994	–	–
Water Services Operating Subsidy	–	–	–	–	–	–	300	–	5,000
Provincial Government:	2,855	1,434	1,199	869	4,960	4,960	21,192	12,696	10,696
Community Development Worker Grant	29	429	444	156	182	182	189	196	196
Library Services Grant	520	491	678	713	4,234	4,234	5,671	–	–
Proclaimed Main Roads	1,453	252	60				108		
IMQS Grant		250							
PAWK									
Spatial Dev Framework	853	12							
Township Development: Dennekruin			18						
Finance Management					400	400			
Housing							15,080	12,500	10,500
Sport and culture					144	144	144	–	–
District Municipality:	–	–	–	–	–	–	–	–	–
<i>[insert description]</i>									
Other grant providers:	–	1,945	1,723	550	550	550	900	1,000	1,000
DBSA		1,945		550	550	550			
DBSA Local Economic Development			635				900	1,000	1,000
SETA			229						
HAN			859						
Total operating expenditure of Transfers and Grants	28,001	38,864	48,820	52,505	56,596	56,596	79,029	73,428	81,412
Capital expenditure of Transfers and Grants									
National Government:	12,158	25,029	20,306	22,577	22,577	22,577	34,674	36,110	29,206
Municipal Infrastructure Grant (MIG)	11,848	22,692	20,306	21,577	21,577	21,577	26,174	27,610	29,206
Integrated National Electrification Programme	310	2,337		1,000	1,000	1,000	3,000		
Regional Bulk Infrastructure							5,500	8,500	
Provincial Government:	12,637	311	33,129	36,805	26,743	26,743	26,182	14,890	182,600
Housing	12,637	311	32,437	33,977	23,915	23,915	23,682	14,890	182,600
Proclaimed Main Roads				2,828	2,828	2,828			
Community Centre							2,500		
Sportfields			692						
District Municipality:	–	219	–	–	–	–	–	–	–
<i>Multi-purpose bus</i>		219	–						
Other grant providers:	–	–	–	–	–	–	–	–	–
DBSA									
Total capital expenditure of Transfers and Grants	24,794	25,558	53,435	59,382	49,320	49,320	60,856	51,000	211,806
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	52,795	64,422	102,255	111,887	105,916	105,916	139,885	124,428	293,218

The table below reflects the Division of Revenue Grant Allocations

GRANT ALLOCATIONS 2012/2013				
NATIONAL ALLOCATIONS				
GRANT		2012/13	2013/14	2014/15
		BUDGET	BUDGET	BUDGET
		R'000	R'000	R'000
EQUITABLE SHARE	OPEX	53,343	57,332	62,316
FINANCIAL MANAGEMENT GRANT (FMG)	OPEX	1,500	1,500	1,450
MUNICIPAL SYSTEMS IMPROVEMENT GRANT (MSIG)	OPEX	800	900	950
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	CAPEX	26,174	27,610	29,206
INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT (NEP)	CAPEX	3,000	-	-
EXPANDED PUBLIC WORKS PROGRAMME (EPWP)	OPEX	994	-	-
REGIONAL BULK INFRASTRUCTURE GRANT (BIG)	CAPEX	5,500	8,500	-
WATER SERVICES OPERATING SUBSIDY	OPEX	300	-	5,000
TOTAL NATIONAL GRANTS		91,611	95,842	98,922
PROVINCIAL ALLOCATIONS				
INTEGRATED HOUSING & HUMAN SETTLEMENT DEVELOPMENT GRANT		38,762	27,390	28,760
INTEGRATED HOUSING: OPERATIONAL	OPEX	15,080	12,500	10,500
INTEGRATED HOUSING: CAPITAL	CAPEX	23,682	14,890	18,260
LIBRARY SERVICES	OPEX	5,671	-	-
COMMUNITY DEVELOPMENT WORKER OPERATIONAL SUPPORT GRANT (CDW)	OPEX	189	196	196
SPORT AND RECREATION	OPEX	144	-	-
MAINTENANCE OF PROCLAIMED ROADS	OPEX	108	-	-
THUSONG (MULTI-PURPOSE CENTRES)	CAPEX	2,500	-	-
TOTAL PROVINCIAL GRANTS		47,374	27,586	28,956
OTHER GRANT PROVIDERS				
HAN	OPEX	900	1,000	1,000
TOTAL OTHER GRANT PROVIDERS		900	1,000	1,000
GRAND TOTAL		139,885	124,428	128,878
NOTE: Allocations for Conditional Grants are only made for one year and the amounts published for the outer years in the schedules of the Division of Revenue Act (DORA) are published for indicative purposes only and are not guaranteed.				
OPEX		79,029	73,428	81,412
CAPEX		60,856	51,000	47,466
TOTAL		139,885	124,428	128,878

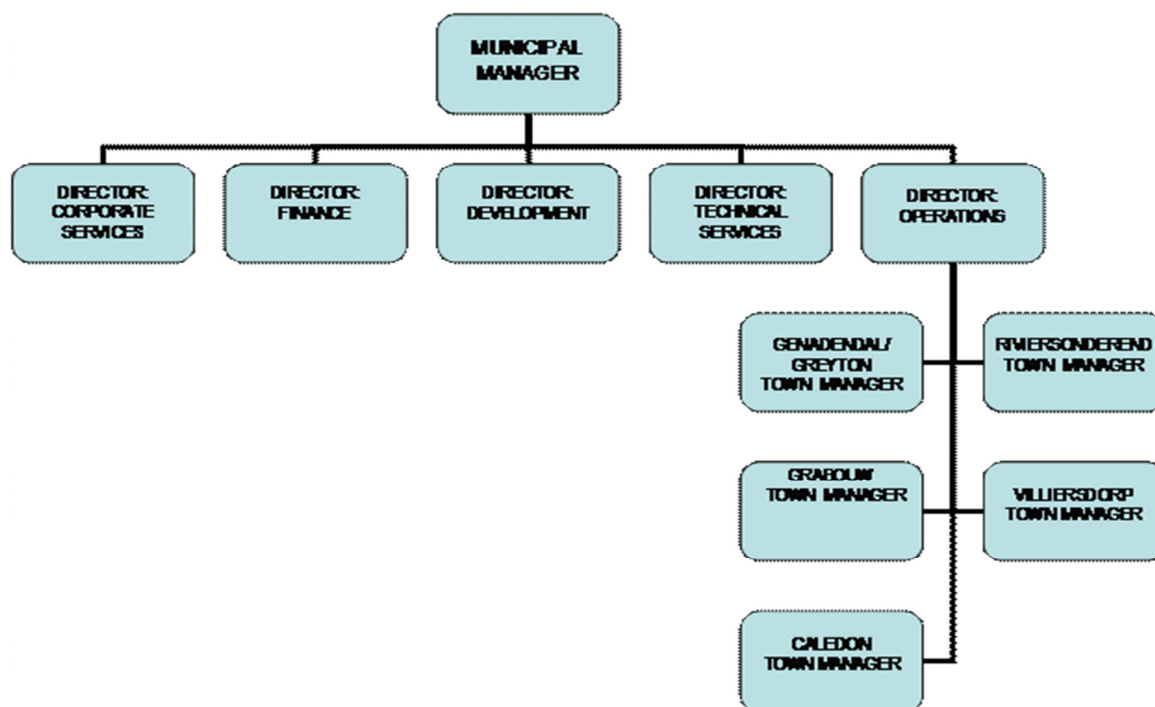


13. Annual Budgets and Service delivery and Budget Implementation Plans- Internal Departments

The Functional performance of the Municipality provides comprehensive information on the implementation of the SDBIP and the relevant Functional Area reporting schedule:

A detailed departmental SDBIP will be available on the website of TWK Municipality.

Departmental Structure



The functional breakdown per Directorate is as follows:

✓ Corporate Service:

Legal Advisory

- Both the Director and deputy Director Corporate Services are the Legal Officers for the organisation and provide legal support to all Directorates

Administration

- Give administrative support to the Council and its political structures
- Corporate support for other Directorates and Town offices
- Provision of secretariat Services to all directorates
- The management of the Municipality's incoming and outgoing mail including the distribution and dispatch of correspondence to and from the public
- The management of access to records
- The management of Security and Cleaning Services

Human Resources

- Ensuring a skilled workforce through training and selection
- Ensuring sound HR administration
- Ensuring an informed labour force by practicing sound labour relations
- Ensuring a sound organisational structure

Information Technology

- The Information Technology department serves as support function for the whole of the organization:
- Maintaining the IT and communication Infrastructure
- Facilitate the integration of information systems
- Establishing and maintaining proper backup procedures and systems
- Ensuring information security

✓ **Development Services:**

Integrated Development Planning

This department provides a unique support Service to all Departments, community and council. It is responsible for the coordination and management of the IDP process, Organisational Performance Management, Annual Reporting, Service Delivery and Budget Implementation Plan, and Social Development

Local Economic Development (LED) and Tourism

- Create an enabling environment for economic development
- Increase economic opportunities for people
- Promote Inter-Governmental collaboration
- Build local Capacity
- Encourage PPP in Local economic Development
- Monitor and evaluate LED strategy.
- Capacitate SMME's

Housing and Integrated Human Settlement

- The function of this department is to facilitate, manage and maintain low cost housing development within the Theewaterskloof Municipality.

Property Management

- The Property Management section has to ensure that Municipal owned immovable Assets are managed efficiently, effectively and economically and are dealt with in a manner which will ensure the maximum benefit to the Municipality and the community

✓ **Financial Services:**

Expenditure and Supply Chain Management

- Salaries: Implementation of approved payroll, paying of salaries, allowances and accounting for payroll implementation
- Creditors: Payment and recording of creditors' payments and reconciliations
- Supply Chain Management: Responsible for the Administration and Management of Procurement of goods and Services (i.e. Acquisition Management in particular)
- Bank Reconciliation
- Administration and Management of Investments
- Administration and Management of Loans
- Maintain Professionalism, Honesty, Integrity and Internal Controls

Revenue Management

- Facilitation and application for Municipal Services
- Debtors Billing Administration and Management
- Meter Reading
- Administration of Clearance Certificates
- Rendering of Monthly Consumer / Rates Debtors Accounts
- Debtors Customer Care and Query Administration
- Receipting and bank Revenue management
- Credit Control, Debt Collection and Indigents Management
- Maintain Professionalism, Honesty, Integrity and Internal Controls

Budget Office

- Budget
- In-year Reporting and Annual Financial Statements
- Budgetary Management and Control
- Financial Viability
- Co-ordinate Financial Policy Formulation
- Financial Management Workshops under leadership of CFO
- Maintain Professionalism, Honesty, Integrity and Internal Controls

Assets, Insurance and Risk Management

- Asset Management
- Insurance Management
- Risk Management
- Maintain Professionalism, Honesty, Integrity and Internal Controls

Costing

- Costing Services
- Financial Control
- Financial Sustainability Initiatives
- Maintain Professionalism, Honesty, Integrity and Internal Controls

✓ **Technical Service:**

Water Distribution and Treatment

- (Supply potable water in accordance with (SABS 241) to the residents within its jurisdiction. In terms of Schedule 4B of the Constitution: “Water and Sanitation Services limited to potable water supply systems”)

Roads

- The municipality is responsible for the Roads and Storm water Reticulation within the towns of the WC031 established Municipal area. Roads and Stormwater Division functions as a division on its own headed by the Assistant Manager of each town. This unit has 85 trained Technical, Artisans and other operational staff

Electricity Distribution

Electricity purchase and Distribution Functions of the Municipality are administered as follows and include:

- The effective and efficient distribution and reticulation of energy in the following towns (Caledon, Villiersdorp, Greyton and Riviersonderend. Grabouw, Genadendal, Botrivier, Tesselaarsdal and Middleton reside within Eskom jurisdiction)
- Distribute electricity subject to the license conditions set by NERSA

Electricity/Street Lighting

- Provide adequate Street Lighting for urban areas and Maintain/Repair faulty street lights
- Upgrade of existing Services as well as new developments
- These Services extend to include Theewaterskloof (Caledon, Greyton, Riviersonderend and Villiersdorp, but do not take account rural areas such as Tesselaarsdal, Botrivier, Grabouw, Genadendal which resides within the jurisdiction of Provincial Government

Waste Water Management (Sewerage)

- Theewaterskloof Municipality provides sewerage collection systems, comprising water borne sewer networks, bucket removal system and vacuum tanker Service where necessary, and treats the collected effluent at 7 sewage treatment plants. Further Services include the provision and maintenance of communal toilets in informal areas

Solid Waste Management

- Theewaterskloof Municipality is responsible for the day to day operations in every town and for the removal and collection of the waste, cleaning of road reserves and most public open places. There are three Transfer-stations in the Municipal jurisdiction, one in Grabouw, Villiersdorp and the other in Botriver. Caledon has a licensed waste site but Genadendal, Greyton and Riviersonderend is not permitted yet.

Fleet Management

- To manage and maintain all fleet of the Municipality.
- To provide sufficient Municipal Services to all residence within the Municipal boundary.

✓ **Operations**

- Responsible for the day-to-day to Service delivery within all Theewaterskloof Towns.

14. Legislation Compliance Status

Compliance with the MFMA Implementation requirements has been substantially adhered to through the following activities:

- **Budget and Treasury Office:** A Budget and Treasury Office have been established in accordance with the MFMA. In order to comply all vacancies are filled and the office is fully functional.
- **Budgeting:** The annual Budget is prepared in accordance with the requirements prescribed by the MFMA, Budget and Reporting Regulations and National Treasury requirements and directives.
- **Financial Reporting:** 100% compliance with regards to monthly, quarterly and annual reporting to the Executive Mayor, Mayoral Committee, Council, Provincial and National Treasury.
- **Annual Report:** The Annual Report is prepared in accordance with the MFMA and National Treasury.
- **Debt Collection:** A Debt Collection unit has been established in accordance with the relative legislation. The staff appointments in the Debt Collection Department have almost completed and the department is fully functional.
- **Internal Audit:** The department is fully functional with a Deputy Director: Internal Auditor and a Clerk Internal Audit in order to comply with the MFMA and obtain value for money.
- **Supply Chain Management:** A Functional Supply Chain Management Unit in accordance with the MFMA. The Municipality is in the process of centralizing the SCM Unit.
- **Risk Management:** Theewaterskloof Municipality has adopted a Risk Management Policy August 2009 and official has undergone training. A Risk Register is compile which identify the top ten risks and is reviewed and monitor regularly.
- **Asset Management:** The Fixed Asset Register is fully GRAP compliant and the Asset Maintenance Plan is in progress in order to comply with legislation.
- **Internship Programme:** Theewaterskloof Municipality is participating in the Municipal Finance Management Internship Programme. Five Interns are employed and are undergoing various training in all sections of the Finance Department.

15. Other Supporting Documents

a. Tariff list

Refer to Annexure B for a draft list of tariffs to be approved.

b. Supplementary Notes to Tables

Supporting detail to Budgeted Financial performance (Table SA1)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
REVENUE ITEMS:									
Property rates									
Total Property Rates	45,466	40,514	42,478	48,505	45,557	45,557	50,674	54,728	59,106
less Revenue Foregone	11,066	1,785	1,348	8,322	5,815	5,815	6,908	7,381	7,887
Net Property Rates	34,400	38,729	41,130	40,183	39,742	39,742	43,766	47,347	51,220
Service charges - electricity revenue									
Total Service charges - electricity revenue	31,996	37,931	46,752	58,561	59,160	59,160	67,020	86,564	103,011
less Revenue Foregone				1,508	1,508	1,508	2,198	2,615	3,112
Net Service charges - electricity revenue	31,996	37,931	46,752	57,054	57,653	57,653	64,822	83,949	99,899
Service charges - water revenue									
Total Service charges - water revenue	30,080	31,259	34,163	40,629	37,697	37,697	46,778	49,585	52,560
less Revenue Foregone				2,939	2,939	2,939	3,115	3,302	3,500
Net Service charges - water revenue	30,080	31,259	34,163	37,690	34,758	34,758	43,664	46,283	49,060
Service charges - sanitation revenue									
Total Service charges - sanitation revenue	14,497	12,879	13,419	19,450	18,718	18,718	21,516	22,807	24,175
less Revenue Foregone				4,653	4,653	4,653	4,932	5,228	5,541
Net Service charges - sanitation revenue	14,497	12,879	13,419	14,797	14,065	14,065	16,584	17,579	18,634
Service charges - refuse revenue									
Total refuse removal revenue	14,949	13,146	14,165	19,869	20,117	20,117	23,495	25,375	27,404
Total landfill revenue	-	-	-	-	-	-	-	-	-
less Revenue Foregone	-	-	-	5,784	5,784	5,784	6,247	6,747	7,287
Net Service charges - refuse revenue	14,949	13,146	14,165	14,085	14,333	14,333	17,248	18,628	20,118
Other Revenue by source									
Other Income	35,126	30,013	13,383	4,614	5,351	5,351	6,096	6,458	6,842
Total 'Other' Revenue	35,126	30,013	13,383	4,614	5,351	5,351	6,096	6,458	6,842
EXPENDITURE ITEMS:									
Employee related costs									
Basic Salaries and Wages	43,674	53,266	62,369	67,523	68,387	68,387	74,272	80,214	86,631
Pension and UIF Contributions	11,400	13,693	10,895	12,007	11,927	11,927	13,947	15,063	16,268
Medical Aid Contributions	-	-	2,825	2,803	2,972	2,972	3,219	3,477	3,755
Overtime	2,555	2,907	3,000	2,574	2,862	2,862	3,227	3,485	3,764
Performance Bonus	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	9,256	10,318	4,554	4,458	4,616	4,616	4,255	4,596	4,963
Cellphone Allowance	-	-	-	-	-	-	-	-	-
Housing Allowances	-	-	647	674	646	646	708	765	826
Other benefits and allowances	-	-	7,546	7,772	8,635	8,635	9,284	10,026	10,829
Payments in lieu of leave	1,077	1,247	1,778	1,500	781	781	900	972	1,050
Long service awards	-	-	-	300	-	-	262	282	305
Post-retirement benefit obligations	1,006	1,008	1,099	1,200	1,200	1,200	1,200	1,296	1,400
sub-total	68,968	82,438	94,714	100,810	102,027	102,027	111,274	120,176	129,790
Less: Employees costs capitalised to PPE	-	-	-	-	-	-	-	-	-
Total Employee related costs	68,968	82,438	94,714	100,810	102,027	102,027	111,274	120,176	129,790
Contributions recognised - capital									
List contributions by contract	-	-	-	-	-	-	-	-	-
Total Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment									
Depreciation of Property, Plant & Equipment	17,802	20,543	8,477	23,120	12,323	12,323	14,796	15,281	15,783
Lease amortisation	-	-	-	-	-	-	-	-	-
Capital asset impairment	-	-	-	-	-	-	-	-	-
Depreciation resulting from revaluation of PPE	-	-	-	-	-	-	-	-	-
Total Depreciation & asset impairment	17,802	20,543	8,477	23,120	12,323	12,323	14,796	15,281	15,783
Bulk purchases									
Electricity Bulk Purchases	17,376	22,207	28,781	35,784	35,500	35,500	40,485	56,978	71,222
Water Bulk Purchases	5,150	3,707	6,009	7,090	6,500	6,500	7,124	7,694	8,309
Total bulk purchases	22,526	25,913	34,790	42,873	42,000	42,000	47,609	64,671	79,531
Transfers and grants									
Cash transfers and grants	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants	-	-	-	-	-	-	-	-	-
Total transfers and grants	-	-	-	-	-	-	-	-	-
Contracted services									
List services provided by contract	8,538	8,653	10,377	15,601	14,427	14,427	17,502	17,522	18,721
sub-total	8,538	8,653	10,377	15,601	14,427	14,427	17,502	17,522	18,721
Allocations to organs of state:									
Electricity	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total contracted services	8,538	8,653	10,377	15,601	14,427	14,427	17,502	17,522	18,721
Other Expenditure By Type									
Collection costs	-	-	-	-	-	-	-	-	-
Contributions to 'other' provisions	-	-	-	-	-	-	-	-	-
Consultant fees	-	-	-	-	-	-	-	-	-
Audit fees	1,234	1,811	2,310	1,650	2,000	2,000	2,300	2,484	2,683
General expenses	59,355	73,627	54,444	31,497	51,146	51,146	53,638	51,267	58,354
List Other Expenditure by Type	-	-	-	-	-	-	-	-	-
Total 'Other' Expenditure	60,589	75,438	56,753	33,147	53,146	53,146	55,938	53,751	61,037
Repairs and Maintenance									
Employee related costs	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-
Contracted Services	-	-	-	-	-	-	-	-	-
Other Expenditure	14,322	17,688	14,054	17,344	15,850	15,850	16,646	16,972	17,990
Total Repairs and Maintenance Expenditure	14,322	17,688	14,054	17,344	15,850	15,850	16,646	16,972	17,990

Supporting detail to Statement of Financial Position (Table SA3)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
ASSETS									
Call investment deposits									
Call deposits < 90 days	25,485	4,987	15,394	4,000	15,000	15,000	15,000	17,000	20,000
Other current investments > 90 days	–	–	–	–	–	–	–	–	–
Total Call investment deposits	25,485	4,987	15,394	4,000	15,000	15,000	15,000	17,000	20,000
Consumer debtors									
Consumer debtors	90,668	107,819	115,964	114,978	122,978	122,978	130,357	138,178	146,469
Less: Provision for debt impairment	(71,409)	(84,562)	(90,029)	(93,783)	(93,783)	(93,783)	(97,512)	(104,962)	(115,571)
Total Consumer debtors	19,259	23,257	25,936	21,195	29,195	29,195	32,845	33,216	30,898
Debt impairment provision									
Balance at the beginning of the year	63,180	71,409	84,562	74,721	74,721	74,721	93,783	97,512	104,962
Contributions to the provision	24,480	18,277	20,407	30,916	30,916	30,916	13,211	15,037	16,678
Bad debts written off	(16,251)	(5,124)	(14,941)	(11,854)	(11,854)	(11,854)	(9,483)	(7,586)	(6,069)
Balance at end of year	71,409	84,562	90,029	93,783	93,783	93,783	97,512	104,962	115,571
Property, plant and equipment (PPE)									
PPE at cost/valuation (excl. finance leases)	407,244	450,275	482,520	587,669	579,669	579,669	655,747	737,508	812,354
Leases recognised as PPE	1,730	1,785	507	1,800	1,800	1,800	500	500	500
Less: Accumulated depreciation	148,649	167,527	79,431	177,720	82,720	82,720	97,516	112,797	128,579
Total Property, plant and equipment (PPE)	260,324	284,533	403,596	411,749	498,749	498,749	558,731	625,211	684,275
LIABILITIES									
Current liabilities - Borrowing									
Short term loans (other than bank overdraft)	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities	4,985	4,711	5,271	7,904	7,904	7,904	8,954	8,229	8,403
Total Current liabilities - Borrowing	4,985	4,711	5,271	7,904	7,904	7,904	8,954	8,229	8,403
Trade and other payables									
Trade and other creditors	18,414	15,474	21,574	17,387	25,865	25,865	31,038	37,246	44,695
Unspent conditional transfers	8,428	7,149	2,414	2,400	2,400	2,400	2,500	2,500	2,500
VAT	7,799	8,732	661	9,811	1,311	1,311	2,622	5,244	10,488
Total Trade and other payables	34,641	31,355	24,650	29,598	29,576	29,576	36,160	44,990	57,683
Non current liabilities - Borrowing									
Borrowing	82,965	78,065	100,129	96,267	106,819	106,819	118,095	126,856	131,786
Finance leases (including PPP asset element)	137	40	–	40	40	40	40	40	40
Total Non current liabilities - Borrowing	83,103	78,105	100,129	96,307	106,859	106,859	118,135	126,896	131,826
Provisions - non-current									
Retirement benefits	17,096	18,974	25,622	22,958	42,544	42,544	51,053	61,264	73,516
List other major provision items									
Long Service Awards	2,080	2,405	2,897	2,910	2,910	2,910	3,000	3,500	4,000
Rehabilitation of Landfill site	–	–	22,609	–	–	–	–	–	–
Total Provisions - non-current	19,176	21,379	51,128	25,868	45,454	45,454	54,053	64,764	77,516
CHANGES IN NET ASSETS									
Accumulated Surplus/(Deficit)									
Accumulated Surplus/(Deficit) - opening balance	174,832	192,954	202,789	235,010	486,787	486,787	548,126	608,305	654,008
GRAP adjustments	4,219	–	256,477	–	–	–	–	–	–
Restated balance	179,050	192,954	459,266	235,010	486,787	486,787	548,126	608,305	654,008
Surplus/(Deficit)	24,445	26,807	41,584	61,010	60,645	60,645	76,298	62,676	56,928
Appropriations to Reserves	(3,797)	(195)	–	–	–	–	–	–	–
Transfers from Reserves	7,464	912	(9)	–	–	–	–	–	–
Depreciation offsets	–	–	–	–	–	–	–	–	–
Other adjustments	(14,208)	(17,688)	(14,054)	–	694	694	(16,119)	(16,972)	(17,990)
Accumulated Surplus/(Deficit)	192,954	202,789	486,787	296,020	548,126	548,126	608,305	654,008	692,946
Reserves									
Housing Development Fund	–	–	–	–	–	–	–	–	–
Capital replacement	717	–	–	–	–	–	8,000	8,000	8,000
Self-insurance	–	–	–	–	–	–	–	–	–
Other reserves	31	31	39	31	40	40	40	40	40
Revaluation	–	–	11,158	–	12,000	12,000	12,000	12,000	12,000
Total Reserves	747	31	11,198	31	12,040	12,040	20,040	20,040	20,040
TOTAL COMMUNITY WEALTH/EQUITY	193,701	202,820	497,985	296,051	560,166	560,166	628,345	674,048	712,986

16. Overview of Budget Related Policies

The following Budget-Related Policies have been approved by Council or have been reviewed and amended in line with National Guidelines and Legislation.

Grant in Aid Policy

A Grant in Aid Policy was developed and approved by council in 28 October 2010 in terms of Section 67 of the MFMA.

It deals with processes and procedures to be followed when the Municipality allocates grants to other institutions in an equitable and transparent manner and in line with IDP Objectives.

Provisions and disclosures must be made for Allocations under consideration in the draft Budget and other prescribed Budget related documents for public comments.

Applications are made in line with Section 67 of the MFMA and the policy on a prescribed application form. The name of the institution, grant amount and description should be disclosed on the Grant Statement.

Asset Management Policy

This policy has been designed to assist management and officials of the Theewaterskloof Municipality with the description and management procedures for Property, Plant and Equipment, Intangible Assets, and Investment Property.

It further aims to ensure that the Assets of the Municipality are properly accounted for, marked and to ensure that Assets are utilized and maintained in an economic, effective, and efficient manner to ensure optimal utilization, value for money and sustainable Service delivery.

Anti-Corruption Policy

To ensure that the Municipality is in compliance with the Municipal Systems Act, Act No 32 of 2000 which requires the Municipality, amongst other things to develop and adopt appropriate systems and procedures that contribute to effective and efficient management of the Municipality and its resources.

Virement Policy

Virement is process of transferring funds from one line item to another within one vote with the approval of the relevant Senior Manager and CFO, to enable Budget Manager to transfer funds from one vote line-item with anticipated savings to another.

The aim is to improve Financial controls over the processes and procedures of transferring funds and to ensure accountability and improved Budgetary Control.

Section F (g)

The Municipal Manager will report to the Mayor on a quarterly basis on those virements which have taken place during that quarter.

Amended to: That the Municipal Manager approves the Virements and include the said Virements in the Adjustment Budget

Funds and Reserves Policy

In terms of Sections 18 and 19 of the Municipal Finance Management Act (Act No 56 of 2003) (MFMA), an annual Budget may only be funded from:

- Realistically anticipated Revenues to be collected;
- Cash backed accumulated funds from previous years' Surpluses not committed for other purposes. and
- Borrowed funds, but only for Capital project

Furthermore, spending on a Capital project may only be commenced if the funding sources have been considered, are available and have not been committed for other purposes.

The Council sets the objective for a long term financially sustainable Municipality with acceptable levels of Service delivery to the community.

This policy aims to set standards and guidelines in ensuring Financial viability over both the short- and long term and includes funding- as well as reserves requirements.

All the above-mentioned Policies were approved by Council and are reviewed at least annually. The policies are available on the Municipality's website.

Cash Management and Investment Policy

In terms Section 13 (2) of the Municipal Finance Management Act, 2003 the Municipality must establish an appropriate and effective Cash Management and Investment Policy.

The objectives of the policy are to ensure optimal performance with the least possible risk, in managing and investing the cash resources of the Municipality and to ensure transparency, accountability, and appropriate lines of responsibility

To be deleted:

Paragraph 8.10 (The Municipal Manager must annually measure and report to the Council on the performance of its investments in terms of the stipulated objectives of this policy. The measurement must be done by way of taking into consideration the performance of surrounding Municipalities on its investments.)

Property Rates Policy

Addition:

6. Categories of Property

6.3 *Special ratings may be determined from time to time in terms of council resolution and Municipal Fiscal Powers and Functions Act (Act 12 of 2007).*

Addition:

10. Exemptions

k) Special Nature reserve, National park or nature reserve within the meaning of Protected Areas Act

Which are not developed or used for commercial, business, agricultural or residential purposes (Refer to Section 17(1)(e))

Amendment:

10. Exemptions

10.3.4. applications must reach the Municipality before the end of *October* preceding the start of the new Municipal financial year for which relief is sought; and

Amended as follow:

10.3.4. applications must reach the Municipality before the end of *December* preceding the start of the new Municipal financial year for which relief is sought; and

Amendment:

11.4 Categories of owners

11.4.1. Retired and Disabled Persons and owners with monthly household income up to R4500: Rate Rebate (Rates are not levied on the first R50 000 of valuation (R35 000 plus the compulsory R15 000

Amended as follow:

11.4 Categories of owners

11.4.1. Retired and Disabled Persons and owners with monthly household income up to R3500: Rate Rebate (Rates are not levied on the first R50 000 of valuation (R35 000 plus the compulsory R15 000

Amendment:

11.4 Categories of owners

11.4.1.4. These applications must reach the Municipality before the end of *September* preceding the start of the new Municipal financial year for which relief is sought.

Amended as follow:

11.4.1.4. These applications must reach the Municipality before the end of *December* preceding the start of the new Municipal financial year for which relief is sought.

Addition:

12.1.1.2. Rebates will be granted on application subject to:

- e) *Applications must reach the Municipality before the end of December preceding the start of the new Municipal financial year for which relief is sought.*

Amendment:

12.1.6. Public Service Infrastructure

A rebate of 75% as mandated by the Act will be granted to Public Service for Infrastructure as they provide essential services to the community.

Amended as follow:

12.1.6. Public Service Infrastructure

A rebate of 30% as mandated by the Act will be granted to Public Service for Infrastructure as they provide essential services to the community.

Amendment:

14.2 The municipal manager must annually table in Council:-

- b) a statement reflecting the income which the municipality has foregone during the previous financial year by way of such exemptions, reductions and rebates and the phasing in discount granted in terms of *Sections 21*.

Amended as follow:

14.2 The municipal manager must annually table in Council:-

- b) a statement reflecting the income which the municipality has foregone during the previous financial year by way of such exemptions, reductions and rebates and the phasing in discount granted in terms of *the Act*.

Amendment:

Schedule 1

CATEGORY / DESCRIPTION	REBATES AND REDUCTIONS
State Properties	20%
Owners of Residential Properties with total household income up to <i>R4 500</i>	Rates are not levied on the first R50 000 of valuation (R35 000 plus the compulsory R15 000) Refer to 11.4
Retired and Disabled Person with total household income up to <i>R4500</i>	Rates are not levied on the first R50 000 of valuation (R35 000 plus the compulsory R15 000) Refer to 11.4
Municipal Properties	100%
Cemeteries and crematoria (See 10.2.2)	100%
Public Benefit Organisations (See 10.2.3 and conditions apply 10.3)	100%
Place of worship (See 10.2.4)	100%
Business, commercial and industrial properties refer to 12.1.1	As determined by council.
Agricultural properties: Residential	0%
Agricultural properties for Agricultural purposes	75%
Agricultural properties: Business and Commercial refer to 12.1.1	As determined by council.
Public Service infrastructure	75%
Conservation Land refer to 12.1.4	0%
Historical or heritage properties refer to 12.1.5	0%

In terms of section 17 of the Act, Municipality may not levy a rate

- a) on the first 75% of the market price of a public service infrastructure
- b) on the first R15 000 of the Market value of a property assigned in the valuation roll or supplementary valuation roll of the municipality for:
 - i. all residential properties
 - ii. all properties used for multiple purpose, provided one or more components of the property are used for residential purpose

Amended as follow:

Schedule 1

CATEGORY / DESCRIPTION	BATES AND REDUCTIONS
State Properties	20%
Owners of Residential Properties with total household income up to <i>R3 500 per month</i>	Rates are not levied on the first R50 000 of valuation (R35 000 plus the compulsory R15 000) Refer to 11.4
Municipal Properties	100%
Place of worship (See 10.2.4)	100%
Public Service infrastructure	30%
<i>Special nature reserve, national park or nature reserve refer to 10.2.3</i>	100%
<i>Sports clubs (Affiliated with a regional or national body)</i>	100%

In terms of section 17 of the Act, Municipality may not levy a rate

- a) on the first 30% of the market price of a public service infrastructure
- b) on the first R15 000 of the Market value of a property assigned in the valuation roll or supplementary valuation roll of the municipality for:
 - i. all residential properties
 - ii. all properties used for multiple purpose, provided one or more components of the property are used for residential purpose

Credit Control and Debt Collection Policy

This policy has been formulated and developed in order to comply with Section 96 - 98 of the Local Government: Municipal Systems Act, 2000 which states:

In terms of Section 96 of the MSA a Municipality-

- (a) must collect all money that is due and payable to it, subject to this Act and any other applicable legislation; and
- (b) for this purpose, must adopt, maintain and implement a Credit Control and Debt Collection Policy which is consistent with its rates and tariff policies and complies with the provisions of the MSA.

This policy is also aimed at guiding officials in the legislative implementation of processes necessary to ensure optimal Revenue generation and collection. Increased Revenue forms the basis for effective Service delivery, infrastructure development, and economic growth.

Chapter 2:

1. Debtors from services rendered
- 1.1 The municipality will raise a debtor for all services delivered in line with the tariff and rate policy. The municipality will also raise a debtor for all other services where income is due to the municipality.
- 1.2 A service agreement shall be entered into with the municipality for each new application to which the municipality is expected to provide all or any of the following services:
 - 1.2.1 water;
 - 1.2.2 electricity (to be determined);
 - 1.2.3 refuse collection;
 - 1.2.4 sewerage; and
 - 1.2.5 sundries and other debt.

Add

1.2.6 The applicant may be required to undergo a full credit check in an endeavour to trace all debt inclusive of municipal debt owed by the applicant. This will require the provision of; inter alia, acceptable means of identification.

Add paragraph:

Chapter 2: Credit control and Debt Collection Policy

- 2.4 A person is liable for payment of an account, whether or not that person has received an account by mean of posting, email or hand delivery.

Section 1: Debtors from services rendered

Currently read as:

- 1.3 Such contract shall set out the conditions on which services are provided and shall require the signatory to note the contents of the municipality's credit control and debt collection policy a copy of which shall be provided to such signatory, as well as the provision of the Municipal Systems Act no. 32 of 2000 in regard to the municipality's right of access to property.

Amendment:

- 1.3 Such contract shall set out the conditions on which services are provided and shall require the signatory to note the contents of the municipality's credit control and debt collection policy. An abbreviated extract of this policy will be supplied to the consumer as well as an extract from the Municipal Systems Act 32/2000 relating to access to property.

Currently read as:

- 1.4 All new agreements, for the rendering of services, with consumers will only be entered into with the owner of the property. (Section 118 of the Municipal Systems Act, Act 32 of 2000, should be brought under the attention of the owner or his duly authorised agent).

Amendment and addition:

- 1.4 (a) All new agreements, for the rendering of services, with **non-indigent** consumers will only be entered into with the owner of the property. (Section 118 of the Municipal Systems Act, Act 32 of 2000, should be brought under the attention of the owner or his duly authorised agent).
- 1.4 (b) Indigent Tenants: An account may be opened in the name of the Tenant on successful application to be classified as indigent, provided that the Owner gives Written Consent that the Tenant is the occupant, the amount of Monthly Rental Payable and a further undertaking that the Owner must inform Council in writing when the Tenant vacates the house in order to terminate the subsidy. If not terminated, the owner will be held liable for any undue subsidies granted to him (owner) or a new Tenant. A separate Group Code must be opened for "Tenants Indigents".

Chapter 2, Section 5. (To be added)

- 5.1.9 If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined in terms of S26 (2) MPRA, the municipal may recover the amount in whole or in part from a tenant or occupier of the property, despite any contractual obligation to the contrary on the tenant or occupier.

Any amount a municipality recovers from the tenant or occupier of the property must be set off by the tenant or occupier against any money owed by the tenant or occupier to the owner

- 5.1.10 A Municipality may, despite the Estate Agents Affairs Act, recover the amount due for rates on a property in whole or in part from the agent of the owner. The amount a municipality may recover from the agent is limited to the amount of any rent or other money received by the agent on behalf of the owner. (Agent commission excluded)
- 5.1.11 The Municipality reserves the right to refer debtors in arrears to Credit rating Agencies for collection which could lead to these debtors being listed with an adverse credit rating.

Section 6, Interest on arrears

Read as:

- 6.1 Interest at the rate as determined by the municipality (normally one percent higher than the prime rate) in accordance with the Municipal Systems Act 32, 2000 will be charged on arrears on the day following the final date for payment as indicated on the account. For this purpose, part of a month will be treated as a full month. Interest rate determined as at end of April and may be adjusted at end of December annually.

Amendment must read:

- 6.1 Interest at the rate as determined by the municipality (normally one percent higher than the prime rate) in accordance with the Municipal Systems Act 32, 2000 will be charged on arrears on the day following the final date for payment as indicated on the account. For this purpose, part of a month will be treated as a full month. **Interest rate determined on a monthly basis at Prime +1%**

Add recommended paragraph

6.1.1 No interest to be charged on accounts in the name of Theewaterskloof Municipality with the exception of rental contracts. That Household Consumers with total earnings of less than R5,000 per month be given grace-period until the last working day of the month to pay their monthly accounts.

Conditions:

- They must apply in writing on a prescribed form.
- If they fail to settle by the prescribed date, they will be disqualified.

Section 7.4

Must be added to Section 7.4.6

Council may deduct 10% to 50% of Electricity Purchases amount to settle unpaid Rates and Services Debts form 10% escalating with 10% per number of months in arrears.

That Sewer Blockages at Non-Indigent Households be affected before payment if the Household is unable to pay in advance and that the account be debited with such charges

Section 9, Action against non-payment or defaulters

9.2 Letter of Demand

Read currently as:

9.2.1 A Letter of Demand will be sent to every owner or consumer who is in arrears with his/her account with the municipal account.

Amendment:

9.2.1 Notice will be given by Letter of Demand, electricity and water notice, or sms to every owner or consumer, who is in arrears with his account with the Municipal Account,

Section to be removed,

9.2.2 Where the consumer is not the owner of the property, the owner will be informed on the default of the consumer.

Section 11 Consumer Deposits

11. Deposits of defaulters may be adjusted or recalculated to cover at least two and a half times the estimated consumption. The minimum deposits required shall be approved with the tariff and charges annually. The deposit will be applied to defaulters and new owners.

Recommend to read as:

Section 11. Consumer deposits

11. Deposits of defaulters may be adjusted or recalculated to cover at least two and a half times the estimated consumption and basic fees for the services of water, electricity, refuse and sewerage. The minimum deposits required shall be approved with the tariff and charges annually. The deposits will be applied to defaulters and new owners.

Section 15. Writing off of Bad Debts

To be added

- 15.3. Council to only consider writing off debts by indigent consumers who have been classified as indigent consumers for more than 3 (three) months.

Section 17, Issuing of Rate Clearance Certificates

Currently read as:

17. The following fees must be paid before a rates clearance certificate is issued:
 - 1.1 Valuation certificate.
 - 1.2 Clearance certificate.
 - 1.3 Availability fees for four (4) months in advance.
 - 1.4 Service fees for four months in advance where a residence is transferred into the name of the remaining man or woman upon the decease of his/her spouse and the services are paid up to date.

Recommended

Section 17: Issuing of Rate Clearance Certificates

17. The following fees must be paid before a rates clearance certificate is issued:
 - 1.1 Valuation certificate.
 - 1.2 Clearance certificate.
 - 1.3 Availability fees for three (3) months or as determined in the Application request as required from the Attorneys.

To be removed:

- 1.4 Service fees for four months in advance where a residence is transferred into the name of the remaining spouse upon the decease of his/her spouse and the services are paid up to date.
- 17.3 Availability fees for 2 (two) months in advance

- 17.4 All service fees for 2 (two) months in advance based on consumption and basic fees on the current account, except in the case where a residence is transferred into the name of the remaining man or woman upon the decease of his/her spouse and the services fees are paid up to date.

All debts must be recovered (including tenants' accounts) before Clearance Certificates are issued: Owner remains liable for all debt to a property.

Business Licenses are not granted to those who owe council

INDIGENT POLICY

In terms of Section 74 of the Local Government Municipal Systems Act 2000, a Municipal council must adopt and implement a Tariff Policy.

In terms of Section 74 (2) (c) and (i) of the MSA in adopting a Tariff Policy, the council should ensure that poor households have access to basic Services and at least take into consideration the extent of subsidization of tariffs for poor households.

The Indigent Policy provides the procedures and guidelines in the application, criteria and adjudication of applications for subsidizing of basic Services and tariff charges to indigent households.

Chapter 2: Indigent Policy

Currently read as:

Section 1, Qualifying as an indigent

- 1.1 A household where the combined or joint gross income of all occupants/residents/dependants, over the age of 18 years or who have potential earning capacity, is less than twice the monthly pension grant and can no longer afford to pay for the services provided by the council (subject to verification by Ward Councillor in consultation with the Ward Committee).

Amendment:

Section 1, Qualifying as an Indigent

- 1.1 A household where the combined or joint gross income of all occupants/residents/dependants, over the age of 18 years or who have potential earning capacity, is less than twice the monthly pension grant and can no longer afford to pay for the services provided by the council (subject to verification by Ward Councillor in consultation with the Ward Committee). The "Spouse support/Care Grant" or "Child support Grant" should not be added to the Indigent Qualifying income threshold.

Section 1

To be added:

- 1.8 In cases where the owner/s of the house (eg. Mother and father) have passed away and the occupant children are indigent, they should qualify for the subsidy, provided

that an Affidavit is provided that they are the children/relatives and legitimate occupants of the house along with certified copies of the Death certificate/s

1.9 Tenants:

An account should be opened in the name of the Tenant, provided that the Owner gives Written Consent that the Tenant is the occupant, the amount of Monthly Rental Payable and a further undertaking that the Owner must inform Council in writing when the Tenant vacates the house in order to terminate the subsidy. If not terminated, the owner will be held liable for any undue subsidies granted to him (owner) or a new Tenant. A separate Group Code must be opened for "Tenants Indigents". The owner must supply council with a Lease Contract where the Lessee is an Indigent Person. If prepaid meter is installed at low-cost housing schemes, no connection fees for Water and Electricity are payable. Due to the indigent status that might change no deposit refund is allowed. Should the indigent status changes a deposit may become payable which will be calculated on services provided.

Section 3: Period for Qualification

Read as follows:

- 3.1** the period for implementation of the indigent policy is to be determined by the Council during its budgetary process.

Indigent Households must inform Council of their status when it has changed.

The onus is on the indigents to ensure that they visit Council's offices annually by end of February to declare their indigent status, or to engage the Ward Committees / Ward Councillor to review the status.

Section 3: Period for qualification

Amendment:

- 3.1** the period for implementation of the indigent policy is to be determined by the Council during its budgetary process.

Indigent Households must inform Council of their status when it has changed.

The onus is on the indigents to ensure that they visit council's offices annually by end of their 12 month period of subsidy as to declare their indigence status, or to engage the Ward Committees / Ward Councillor to review the status. Notification will be sent to every individual indigent consumer two months before their subsidy expires.

4. Extent of support

- 4.2** The council will assess the level of support annually (before the end of February); and

Amendment:

- 4.2 The council will assess the level of support annually during the annual budget compilation and

5. Distribution of Indigent support

- 5.5 Relief will be applied for a period up to the end of June as determined by the council.

Amendment:

- 5.5 Relief will be applied for a period of 12 (twelve) months form date of implementation or until such date as determined by the council.
- 5.6 The household must apply for continuation of the relief depending on his/her circumstances. (Existing indigents will be reviewed annually by the end of February).

Amendment:

- 5.6 The household must apply for continuation of the relief depending on his/her circumstances before the 12 month period of initial approval has lapsed. Notices to the renewal or continuation will be sent to the individual existing indigents two months before the date their indigent subsidy is due to lapse.

7. Control systems for indigents

Read as follows:

- 7.2 Applications should be scrutinised prior to approval after verification by the ward councillor, in consultation with the Ward Committee.

Amendment:

- 7.2 Applications to be approved by the Town Manager and presented to the Ward Councillor and Ward Committee for scrutiny.

8.2. Tariff Policy

The Municipality wishes to achieve the following by adopting this policy:

1. To comply with the provisions of Section 74 of the Local Government: Municipal Systems Act, 2000 (MSA): the Municipality must adopt and implement a Tariff Policy on the levying of fees for Municipal Services provided by Municipality
2. To comply with Section 62(1) (f) of the MFMA wish states that the Accounting Officer must ensure that a Municipality has and implement a Tariff Policy
3. To prescribe Procedures and Principles (as defined in Section 74 (2) of the MSA for calculating tariffs were the Municipality wishes to implement Service providers in terms of Section 76(b) of the Act.
4. To give guidance regarding tariff proposals and calculations to provide a framework to determine fair, transparent and affordable charges that also promote sustainable Service delivery.

The policy ensures a holistic and comprehensive overview on all the Revenues / charges levied.

7.1 Calculation of Tariffs for Major Services

Currently read as:

The municipality shall provide the first 50kWh of electricity per month and the first 6 kl of water per month free of charge to consumers who have registered as indigents in terms of the municipality's indigent relief programme. The municipality shall further consider relief in respect of the tariffs for sewerage and refuse removal for such registered indigents to the extent that the council deems such relief affordable in terms of each annual budget, but on the understanding that such relief shall not be less than a discount of 50% on the monthly amount billed for the service concerned.

Amendment:

The municipality shall annually during the budget process decide on the units kWh electricity per month and the kl of water per month to be supplied free of charge to consumers who have registered as indigents in terms of the Municipality's Indigent Relief Programme. The municipality shall further consider relief in respect of the tariffs for sewerage and refuse removal for such registered indigents to the extent that the council deems such relief affordable in terms of each annual budget, but on the understanding that such relief shall not be less than a discount of 50% on the monthly amount billed for the service concerned.

7.1.4 SEWERAGE/EMPTYING OF CONSERVANCY TANKS

Currently read as:

- (iii) The cost of emptying conservancy tanks will be based on the volume disposed and the cost associated therewith. An average tariff per user will be calculated.

Amendment:

- (iii) Residential properties, business premises and farms where no municipal sewer network exists shall pay a tariff per half-hour (30 minutes) or portion thereof

7.2 CALCULATION OF MINOR TARIFFS

Currently read as:

Penalty charges for the submission of dishonoured, stale, post-dated or otherwise unacceptable cheques.

Amendment:

Penalty charges for the submission of dishonoured, stale, post-dated or otherwise unacceptable cheques, debit orders and direct deposits

Addition:

Deposits for municipal services: to be calculated on the basis of basic fees for the services of water, electricity, sewerage and refuse and consumption of water and/or electricity for two months. The consumption of water and/or electricity to be negotiated if supplied by prepaid meters. Both basic fee and consumption for electricity to be negated for Eskom supply areas. Cash and bank guarantees acceptable as services deposits.

Risk Management Policy

Section 62 (1) of the MFMA requires that the Accounting Officer takes all reasonable steps to ensure that the Municipality has and maintains effective, efficient, and transparent systems of Financial and Risk Management, of internal control and of internal audit as well as the effective, efficient, and economical use of the resources of the Municipality.

The purpose of the Risk Management Policy is to enable the Municipality not only to comply with legislation but also to manage risks by reducing/eliminating the likelihood and impact of risks in a pro-active, responsible and structured manner.

Paragraph 3.a bullet 2

Current

The Risk Management Committee and chaired by the Accounting Officer (Municipal Manager) shall act as the body at which the corporate risk management plan is reviewed and finalized on an annual basis for adoption by Council. Such a body shall also oversee the annual risk management process and copies of all Divisional and Departmental Risk Management Plans need to be submitted for quality assurance and control purposes to such a committee.

Replace With

The Risk Management Committee chaired by the Accounting Officer (Municipal Manager) shall act as the body at which the Corporate Risk Management Plan is reviewed and finalized on an annual basis for adoption by Council. The Risk Management Committee shall oversee the Annual Risk Management Process and copies of all Divisional and Departmental Risk Management Action & Treatment Plans need to be submitted for quality assurance and control purposes to the committee.

Paragraph 3.b last paragraph

Current

The prevention and detection of fraud is therefore management's responsibility.

Replace with

The prevention and detection of fraud is therefore everybody's responsibility.

Paragraph 3.d middle paragraph

Current

The Internal Audit function should evaluate whether the controls of the focus areas, as set out in its Internal Audit plan and which management relies on to manage risks down to acceptable levels, are appropriate and functioning as intended (i.e. are they, effective yet efficient) and to develop recommendations for improvement and or enhancement.

Replace with

The Internal Audit function should evaluate whether the controls of the focus areas, as set out in its Risk Based Internal Audit Plan and which management relies on to manage risks down to acceptable levels, are appropriate and functioning as intended (i.e. are they, effective yet efficient) and to develop recommendations for improvement and or enhancement.

Paragraph 4.c

Current

Accountability is accepted for the risks faced by the Municipality at every level of management and is not the responsibility and or function of the Accounting Officer, Executive Management Team, Risk Management Unit or that of the Internal Audit function only

Replace with

Accountability is accepted for the risks faced by the Municipality at every level of management and is not only the responsibility and or function of the Accounting Officer, Executive Management Team, Risk Management Unit or Internal Audit Unit.

Paragraph 4.d

Current

Risk Management is not an ad hoc, once off, reactive or crisis management process and shall be performed in a structured and formal manner at least once a year, every year. It should also be done and reviewed in a three year planning cycle basis.

Replace with

Risk Management is not an ad hoc, once off, reactive or crisis management process and shall be performed in a structured and formal manner at least once a year before February. Quarterly informal reviews will be conducted on the Action & Treatment Plans as and where applicable. It should also be done and reviewed in a Three Year Planning Cycle basis.

Paragraph 4.m

Current

The Risk Plan should indicate the 3 Year Internal Audit Rolling Plan

Replace with

The Risk Plan should inform the 3 Year Internal Audit Rolling Plan

Paragraph 4.n

Current

The Risk Plan should include an Internal Audit Budget in other words how many hours are set aside for a specific purpose and a definition of the Audit Scope.

Replace with

Removed

Paragraph 4.o

Current

Management is required to submit bi annual reports to the Risk Management Unit assessing the current status of their respective control environments.

Replace with

Management is required to submit Bi-annual Reports to the Risk Management Unit by October & June assessing the current status of their respective control environments.

Paragraph 5.e

To add the following: The Municipality's risk appetite is set at 12, which means that all risks with a rating of 12 and higher requires a Treatment and Action Plan.

12.3 Risk Management Committee Charter:

Section 3: Standing invitees

Current

Risk Officer;

Replace with

Manager: Risk, Assets& Insurance

Section 6: Meetings

Current

The Committee shall convene at least twice per year.

Replace with

The Committee shall convene quarterly or at least bi-annually.

12.4 Risk Management Implementation Strategy:

Schedule: Risk Roll-out Plan

Current

ERM Rollout Plan: Broad milestones & timelines

Replace with

The Risk Roll-out Plan must be removed as it is contained in the Risk Management Process Plan

12.5 Risk Management Implementation Plan:

Cover Page: Name of document

Current

Risk Management Implementation Plan

Replace with

Name changed to Risk Management Process Plan

Paragraph 1

Current

This document sets out the annual risk management strategy & implementation plan.

Replace with

This document sets out the annual risk management process plan.

Paragraph 2

Current

The risk management strategy & implementation plan of Theewaterskloof Municipality was prepared to give effect to the implementation of the risk management policy and strategy and sets out all risk management activities planned for the 2010/2011 fiscal year.

Replace with

The risk management process plan of Theewaterskloof Municipality was prepared to give effect to the process of risk management and sets out all risk management activities.

Paragraph 3

Current

The development of the Risk Management Implementation Plan has taken into consideration:

Replace with

The development of the Risk Management Process Plan has taken into consideration:

Paragraph 4

Current

Detailed Risk Management Implementation Plan: The detailed risk management implementation plan is included below.

Replace with

That the Detailed Risk Management Implementation Plan be replaced with the Detailed Risk Management Process Plan as per Annexure C

12.5 Policy Regarding Short Term Insurance

Paragraph 2

Current

Insurance Section means the section of the Municipality designated by the Chief Financial Officer to be administratively in charge of the short term insurance functions.

General Public means the general body of mankind or of a nation, state, or community including businesses

Union means IMATU or SAMWU

Disciplinary Investigations are ensuring instructions were carried out and that all policies and procedures were adhered to.

Replace with

Insurance Section means the section of the Municipality designated by the Chief Financial Officer to be administratively in charge of the short term insurance functions.

General Public means the general body of mankind or of a nation, state, or community including businesses

Union means IMATU or SAMWU

Disciplinary Investigations are ensuring instructions were carried out and that all policies and procedures were adhered to.

Paragraph 3.2 second bullet

Current

general public are informed about the correct processes & procedures when filing a claim with the Municipality;

Replace with

general public are informed about the correct processes & procedures when filing a claim with the Municipality;

Paragraph 4

Current

All claims should be directed and addressed to the Municipal Insurance Section at;

Replace with

All claims should be directed and addressed to the Municipal Insurance Section at;

Paragraph 4.1.1

Current

The notice must be delivered to the Municipality by hand, registered post, email or fax. Then within 90 days after the notice, formalize and quantify your claim.

Replace with

The notice must be delivered to the Municipality by hand registered post, email or fax. Then within 90 days after the notice, formalize and quantify your claim.

Paragraph 4.1.2

Additional

Please note that the memorandum / statement must be a sworn affidavit

Paragraph 4.1.6

Current

Quantify your claim and submit all documentation and photos along with the forms above to the Municipal insurance section as described in Step 1 above and via the addresses or means supplied on page 6 of this document.

Replace with

Quantify your claim and submit all documentation and photos along with the forms above to the Municipal insurance section as described in Step 1 above and via the addresses or means supplied on page 6 of this document.

Physical Address

Current

Physical Address:
JCC House
2nd Floor
27 Owl Street
Johannesburg
2092

Replace with

Remove due to numerous changes in physical address

Section 5.1

Additional

Please note that the departmental reports, memorandums & statement must be a sworn affidavit

Pg. 25 Section 9

Current

Accountant: Assets

Replace with

Manager: Risk, Assets& insurance

17. Municipal Manager's Quality Certificate

I, HSD WALLACE, Municipal Manager of Theewaterskloof Municipality (WC031), hereby certify that the Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual Budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Print Name: HSD WALLACE

Municipal Manager of: Theewaterskloof Municipality (WC031)

Signature: _____

Date: 24 May 2012

Print Name: SN JACOBS

Chief Financial Officer of: Theewaterskloof Municipality (WC031)

Signature: _____

Date: 24 May 2012